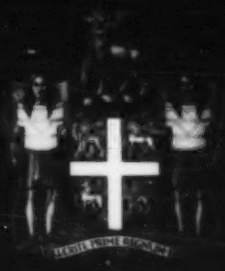
Province of
Newfoundland and Labrador



Financial Statements of Crown Corporations, Boards and Authorities
(N - Z)

FOR THE YEAR ENDED
31 MARCH 2009

Newfoundland
Labrador

Province of Newfoundland and Labrador

Financial Statements of Crown Corporations, Boards and Authorities
(N – Z)

For The Year Ended
31 March 2009

PRINTED UNDER AUTHORITY OF THE HOUSE OF ASSEMBLY

INTRODUCTION

The Financial Statements of Crown Corporations, Boards and Authorities are a reproduction of the available audited financial statements of various Government organizations as approved by the applicable boards of these organizations. This report is produced alphabetically in two books; A to M and N to Z. The fiscal years noted in the table of contents are based on the fiscal year end of the organization.

Information on the financial position and results of operations of the Province for the 2008-09 fiscal year may be found in the following financial reports:

Public Accounts Volume I – Consolidated Summary Financial Statements

This volume presents the summary financial statements which consolidate the financial statements of the Consolidated Revenue fund with the financial statements of various Crown Corporations, Boards and Authorities, as approved by Treasury Board, which are controlled by the Government of Newfoundland and Labrador.

Public Accounts Volume II – Consolidated Revenue Fund Financial Statements

This Volume presents the financial position of the Consolidated Revenue Fund and the results of its activities on an accrual basis.

Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund

This report presents the actual budgetary contribution (requirement) of the Consolidated Revenue Fund along with details on the actual revenues and expenditures, by program, using the modified cash basis of accounting.

The Financial Statements of Crown Corporations, Boards and Agencies is also available on the Government's website at: www.fin.gov.nl.ca/comptrollergeneral/publications.htm.

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NALCOR ENERGY

FINANCIAL STATEMENTS

DECEMBER 31, 2008

Management Report

The accompanying Consolidated Financial Statements of Nalcor Energy (Nalcor), and all information in the Business Financial Report, are the responsibility of Management and have been approved by the Board of Directors.

The Consolidated Financial Statements have been prepared by Management in accordance with Canadian generally accepted accounting principles, applied on a basis consistent with that of the preceding year. The preparation of financial statements necessarily involves the use of estimates based on Management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. The financial statements have been properly prepared within reasonable limits of materiality and in light of information available up to February 20, 2009. Financial information presented elsewhere in the Business Financial Report is consistent with that in the Consolidated Financial Statements.

Management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded and that reliable financial information is available on a timely basis. The system includes formal policies and procedures and an organizational structure that provides for the appropriate delegation of authority and segregation of responsibilities. An internal audit department independently evaluates the effectiveness of these internal controls on an ongoing basis, and reports its findings to Management and to the Audit Committee of the Board of Directors.

The responsibility of the external auditor, Deloitte & Touche LLP, is to express an independent, professional opinion on whether the Consolidated Financial Statements are fairly presented in accordance with Canadian generally accepted accounting principles. The Auditors' Report outlines the scope of their examination and their opinion.

The Board of Directors, through its Audit Committee, is responsible for ensuring that Management fulfills its responsibility for financial reporting and internal controls. The Audit Committee meets regularly with Management, the internal auditors and the external auditors to satisfy itself that each group has properly discharged its respective responsibility and to review the Consolidated Financial Statements before recommending approval by the Board of Directors. The internal and external auditors have full and free access to the Audit Committee, with and without the presence of Management.

Ed Martin
President and Chief Executive Officer

Derrick Sturge
Vice President, Finance and Chief Financial Officer

Auditors' Report

To the Lieutenant-Governor in Council
Province of Newfoundland and Labrador

We have audited the consolidated balance sheet of Nalcor, as at December 31, 2008 and the consolidated statements of income and retained earnings and comprehensive income and cash flows for the year then ended. These financial statements are the responsibility of the company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these Consolidated Financial Statements present fairly, in all material respects, the financial position of Nalcor as at December 31, 2008, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Energy Corporation Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year, except as disclosed in Note 2.

Deloitte & Touche

Chartered Accountants
St. John's, NL
Canada
February 20, 2009

Consolidated Balance Sheet

(Note 1)

As at December 31 (millions of dollars)	**2008**	2007
ASSETS		
Current assets		
Cash and cash equivalents	**55.2**	7.2
Short-term investments	**24.6**	11.5
Accounts receivable	**77.1**	80.2
Current portion of long-term receivable	**–**	0.5
Current portion of regulatory assets (Note 5)	**5.0**	17.2
Fuel and supplies	**52.7**	69.7
Prepaid expenses	**1.6**	1.2
	216.2	187.5
Property, plant and equipment (Note 3)	**1,862.8**	1,825.7
Oil and gas properties (Note 4)	**112.1**	–
Sinking funds (Notes 8 and 14)	**163.9**	151.8
Regulatory assets (Note 5)	**74.6**	81.3
Reserve fund (Note 18(b))	**23.4**	11.5
Other long-term assets (Note 6)	**26.7**	28.5
	2,479.7	2,286.3
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Bank indebtedness (Note 8)	**5.7**	9.1
Accounts payable and accrued liabilities	**56.4**	75.9
Accrued interest	**28.7**	30.7
Current portion of long-term debt (Note 8)	**9.1**	209.1
Current portion of regulatory liabilities (Note 5)	**22.3**	23.5
Deferred capital contribution (Note 19(e))	**0.5**	–
Promissory notes (Note 8)	**163.0**	7.0
	285.7	355.3
Long-term debt (Notes 8 and 14)	**1,175.7**	1,187.8
Regulatory liabilities (Note 5)	**31.5**	15.5
Employee future benefits (Note 10)	**51.6**	47.4
Long-term payable (Note 9)	**0.7**	–
	83.8	62.9
Non-controlling interest in Lower Churchill Development Corporation (Note 6)	**–**	2.5
Shareholder's equity		
Share capital (Note 11)	**122.5**	22.5
Contributed capital (Note 11)	**191.5**	114.0
Accumulated other comprehensive income (Notes 13 and 14)	**16.5**	19.5
Retained earnings	**604.0**	521.8
	934.5	677.8
	2,479.7	2,286.3
Commitments and contingencies (Note 18)		
Subsequent event (Note 23)		

See accompanying notes

On behalf of the Board:

John Ottenheimer
Director

Gerald Shortall
Director

Consolidated Statement of Income and Retained Earnings

(Note 1)

Year ended December 31 (millions of dollars)	**2008**	2007
Revenue		
Energy sales (Notes 1 and 21)	**563.3**	567.5
Other	**5.9**	5.9
	569.2	573.4
Expenses		
Operations and administration	**147.2**	143.1
Fuels	**164.8**	159.2
Power purchased	**41.0**	38.4
Amortization	**53.1**	50.7
Interest (Note 15)	**78.2**	100.4
Write-down of investment (Note 6(a))	**2.7**	-
	487.0	491.8
Net income	**82.2**	81.6
Retained earnings, beginning of year	**521.8**	437.9
Add: adjustment to long-term debt (Note 14)	**-**	2.3
Retained earnings, end of year	**604.0**	521.8

See accompanying notes

Consolidated Statement of Comprehensive Income

(Note 1)

Year ended December 31 (millions of dollars)	**2008**	2007
Net income	**82.2**	81.6
Other comprehensive income		
Change in fair value of sinking fund and reserve fund investments	**(3.0)**	0.2
Comprehensive income	**79.2**	81.8

See accompanying notes

Consolidated Statement of Cash Flow

Year ended December 31 (millions of dollars)	**2008**	2007 (Note 1)
Cash provided by (used in)		
Operating activities		
Net income	**82.2**	81.6
Adjusted for items not involving a cash flow		
Amortization	**53.1**	50.7
Accretion of long-term debt	**0.5**	0.8
Loss on disposal of property, plant and equipment	**2.5**	1.0
Foreign exchange gain	**-**	(0.3)
Write-down of investments	**2.7**	-
Other	**-**	(0.1)
	141.0	133.7
Changes in non-cash working capital balances (Note 16)	**33.9**	42.5
	174.9	176.2
Financing activities		
Increase (decrease) in promissory notes	**156.0**	(51.8)
Long-term debt retired	**(207.5)**	(13.1)
Foreign exchange loss recovered	**-**	0.1
Increase in contributed capital	**77.5**	-
Issue of common shares	**100.0**	-
Increase in deferred capital contribution	**0.5**	-
	126.5	(64.8)
Investing activities		
Additions to property, plant and equipment	**(93.4)**	(86.5)
Additions to oil and gas properties	**(112.1)**	-
Increase in sinking funds	**(20.8)**	(19.6)
(Increase) decrease in short-term investments	**(13.1)**	0.2
Increase in reserve fund	**(11.3)**	(11.5)
Proceeds on disposal of property, plant and equipment	**0.7**	0.6
	(250.0)	(116.8)
Net increase (decrease) in cash	**51.4**	(5.4)
Cash position, beginning of year	**(1.9)**	3.5
Cash position, end of year	**49.5**	(1.9)
Cash position is represented by		
Cash and cash equivalents	**55.2**	7.2
Bank indebtedness	**(5.7)**	(9.1)
	49.5	(1.9)
Supplementary disclosure of cash flow information		
Income taxes paid	**0.1**	0.2
Interest income received	**0.9**	1.2
Interest paid	**101.6**	105.4

See accompanying notes

Notes to Consolidated Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

On October 11, 2007, the Province of Newfoundland and Labrador (Province) proclaimed the Energy Corporation Act, creating a new Crown corporation, Nalcor Energy (Nalcor), to hold its investments in the energy sector. The Consolidated Financial Statements include the financial statements of Nalcor and its subsidiary companies, Newfoundland and Labrador Hydro (Hydro), Churchill Falls (Labrador) Corporation Limited (Churchill Falls), Nalcor Energy – Oil and Gas (Oil and Gas), Twin Falls Power Corporation (Twin Falls), Gull Island Power Corporation (GIPCo) and Lower Churchill Development Corporation (LCDC). Nalcor was inactive until January 1, 2008, therefore the comparative figures included in these Consolidated Financial Statements are those of Hydro consolidated for the year ended December 31, 2007. The transfer of the Province's shares in Hydro to Nalcor was accounted for using the continuity of interests method.

Nalcor and Hydro are incorporated under special acts of the Legislature of the Province as Crown corporations and their core business is the development, generation and sale of electricity. Nalcor has also expanded into the broader energy sector, including oil and gas, wind energy, and research and development.

Churchill Falls is incorporated under the laws of Canada and has completed and commissioned a hydroelectric generating plant and related transmission facilities situated in Labrador that has a rated capacity of 5,428 megawatts (MW). Twin Falls is incorporated under the laws of Canada and has developed a 225 MW hydroelectric generating plant on the Unknown River in Labrador. The plant has been inoperative since 1974.

Oil and Gas was incorporated August 12, 2008, under the Corporations Act of Newfoundland and Labrador. Oil and Gas has a broad mandate to engage in upstream and downstream sectors of the oil and gas industry including exploration, development, production, transportation and processing.

GIPCo is incorporated under the laws of Canada. Its objective was to develop the hydroelectric potential at Gull Island on the lower Churchill River in Labrador, and construct a direct current transmission system from Labrador to the island of Newfoundland. LCDC is incorporated under the laws of Newfoundland and Labrador and was established with the objective of developing all or part of the hydroelectric potential of the lower Churchill River (Lower Churchill Development). Both GIPCo and LCDC are inactive companies.

Nalcor and its subsidiaries and jointly controlled companies, other than Twin Falls, are exempt from paying income taxes under Section 149 (1) (d) of the Income Tax Act.

The Consolidated Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles. Preparation of these Consolidated Financial Statements requires the use of estimates and assumptions that affect the amounts reported and disclosed in these statements and related notes. Key areas where management has made complex or subjective judgements include the fair value and recoverability of assets, litigation, environmental and asset retirement obligations, other employee future benefits, amortization, and property, plant and equipment. Actual results may differ from these estimates, including changes as a result of future decisions made by the Newfoundland and Labrador Board of Commissioners of Public Utilities (PUB).

Rates and Regulations

Hydro's revenues from its electrical sales to most customers within the Province are subject to rate regulation by the PUB. Hydro's borrowing and capital expenditure programs are also subject to review and approval by the PUB. Rates are set through periodic general rate applications utilizing a cost of service (COS) methodology. The allowed rate of return on rate base is 7.4% (2007 – 7.4%). Hydro applies various accounting policies that differ from enterprises that do not operate in a rate regulated environment. Generally these policies result in the deferral and amortization of costs or credits which will be recovered or refunded in future rates. In the absence of rate regulation these amounts would be included in the determination of net income in the year the amounts are incurred. The effects of rate regulation on the financial statements are more fully disclosed in Note 5.

Notes to Consolidated Financial Statements

Principles of Consolidation

The Consolidated Financial Statements include the financial statements of Nalcor and its subsidiary companies: Hydro (100% owned), Oil and Gas (100% owned), GIPCo (100% owned) and LCDC (51% owned). Intercompany transactions and balances have been eliminated upon consolidation.

Effective June 18, 1999, Hydro, Churchill Falls and Hydro-Québec entered into a Shareholders' agreement which provided, among other matters, that certain of the strategic operating, financing and investing policies of Churchill Falls be subject to approval jointly by representatives of Hydro and Hydro-Québec. Although Hydro retains its 65.8% ownership interest, the agreement changed the nature of the relationship between Hydro and Hydro-Québec, with respect to Churchill Falls, from that of majority and minority shareholders, respectively, to that of joint venturers. Accordingly, Hydro has adopted the proportionate consolidation method of accounting for its interest in Churchill Falls subsequent to the effective date of the Shareholders' agreement.

A portion of Hydro's shareholding in Churchill Falls was deposited in a voting trust pursuant to an agreement with Hydro-Québec, in relation to Churchill Falls' General Mortgage Bonds. Effective February 25, 2008, the bonds were retired, removing the requirement for the shares to be held in trust.

Churchill Falls holds 33.33% of the equity share capital of Twin Falls and is a party with other shareholders in a participation agreement, which gives Churchill Falls joint control of Twin Falls. This investment is accounted for by the proportionate consolidation method.

Cash and Cash Equivalents and Short-term Investments

Cash and cash equivalents and short-term investments consist primarily of Canadian treasury bills and bankers' acceptances. Those with original maturities at date of purchase of three months or less are classified as cash equivalents whereas those with original maturities beyond three months and less than 12 months are classified as short-term investments. Both are stated at cost, which approximates market value. The short-term investments bear interest rates of 1.58% to 3.60% (2007 - 4.12% to 5.00%) per annum.

Fuel and Supplies

Fuel and supplies inventories are recorded at the lower of average cost or net realizable value.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost, which comprises materials, labour, contracted services, other costs directly related to construction and an allocation of certain overhead costs. Expenditures for additions and betterments are capitalized and normal expenditures for maintenance and repairs are charged to operations. The cost of property, plant and equipment under construction is transferred to property, plant and equipment in service when construction is completed and facilities are commissioned, at which point amortization commences.

Contributions in aid of construction are funds received from customers and governments toward the incurred cost of property, plant and equipment, or the fair value of assets contributed. Contributions are treated as a reduction to property, plant and equipment and the net property, plant and equipment is amortized.

Nalcor and Hydro

Cost includes construction in progress, which includes the costs incurred in feasibility studies, engineering and construction of new generation, transmission and distribution facilities. Interest is charged to construction in progress at rates equivalent to the weighted average cost of capital.

Gains or losses on the disposal of property, plant and equipment are recognized in income as incurred.

Notes to Consolidated Financial Statements

Amortization is calculated on hydroelectric generating plant and on transmission plant in service on the sinking fund method using interest factors ranging from 5.25% to 15.79%. Amortization on other plant in service is calculated on the straight-line method. These methods are designed to fully amortize the cost of the facilities, after deducting contributions in aid of construction, over their estimated service lives.

Estimated service lives of the major assets are as follows:

Generation plant	
Hydroelectric	50, 75 and 100 years
Thermal	25 and 30 years
Diesel	20 years
Transmission	
Lines	40 and 50 years
Switching stations	40 years
Distribution system	30 years
Other	3 to 50 years

Hydroelectric generation plant includes the powerhouse, turbines, governors, and generators, as well as water conveying and control structures, including dams, dykes, tailrace, penstock and intake structures. Thermal generation plant is comprised of the powerhouse, turbines and generators, boilers, oil storage tanks, stacks and auxiliary systems. Diesel generation plant includes the buildings, engines, generators, switchgear, fuel storage and transfer systems, dykes and liners and cooling systems.

Transmission lines include the support structures, foundations and insulators associated with lines at voltages of 230, 138 and 69 kilovolt (kV). Switching station assets are used to step up voltages of electricity from generating to transmission and to step down voltages for distribution.

Distribution system assets include poles, transformers, insulators and conductors.

Other assets include telecontrol, computer software, buildings, vehicles, furniture, tools and equipment.

Churchill Falls

Churchill Falls uses the group amortization method for certain property, plant and equipment other than the generation plant, transmission and terminals and service facilities.

Amortization is calculated on a straight-line basis over the following estimated useful lives:

Hydroelectric generation plant	67 years
Transmission and terminals	67 years
Service facilities	67 years
Other	5 to 100 years

Losses on other than normal retirements are charged to operations in the year incurred as adjustments to amortization expense.

Oil and Gas

Property, plant and equipment includes office equipment and software. Expenditures for additions and betterments are capitalized and normal expenditures for maintenance and repairs are charged to operations. Amortization is calculated on a straight-line basis over the useful life of five years.

Notes to Consolidated Financial Statements

Principles of Consolidation

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Contributions in aid of construction are funds received from customers and governments toward the incurred cost of property, plant and equipment, or the fair value of assets contributed. Contributions are treated as a reduction to property, plant and equipment and the net property, plant and equipment is amortized.

Nalcor and Hydro

Cost includes construction in progress, which includes the costs incurred in feasibility studies, engineering and construction of new generation, transmission and distribution facilities. Interest is charged to construction in progress at rates equivalent to the weighted average cost of capital.

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Service facilities	67 years
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Oil and Gas

Property, plant and equipment includes office equipment and software. Expenditures for additions and betterments are capitalized and normal expenditures for maintenance and repairs are charged to operations. Amortization is calculated on a straight-line basis over the useful life of five years.

Notes to Consolidated Financial Statements

Oil and Gas Properties

Nalcor employs the full cost method of accounting for oil and gas interests whereby all costs associated with acquisition, exploration for and development of oil and gas reserves are capitalized. Such costs include land acquisition, geological and geophysical activity, drilling of wells and administrative costs directly related to exploration and development activities.

Under the full cost method, oil and gas properties are depleted using the unit-of-production method based upon estimated proved petroleum and natural gas reserves. Projects currently in development or construction are not depleted.

Asset Retirement Obligations

The fair value of the future expenditures required to settle legal obligations associated with the retirement of property, plant and equipment, are recognized to the extent that they are reasonably estimable. Asset retirement obligations are recorded as a liability at fair value, with a corresponding increase to property, plant and equipment. As it is expected that Nalcor's assets will be used for an indefinite period, no removal date can be determined and consequently, a reasonable estimate of the fair value of any related asset retirement obligation cannot be determined at this time. If it becomes possible to estimate the fair value of the cost of removing assets that Nalcor is legally required to remove, an asset retirement obligation will be recognized at that time.

Impairment of Long-lived Assets

Nalcor Energy reviews the carrying value of its oil and gas properties and development projects at the end of each accounting period. Nalcor reviews the carrying value of its other property, plant and equipment whenever events or changes in circumstances indicate that the expected undiscounted net cash flows could be lower than the carrying value of the property and assets. An impairment loss corresponding to the amount by which the carrying value exceeds fair value is recognized, if applicable.

Revenue Recognition

Revenue is recognized on the accrual basis, as power deliveries are made, and includes an estimate of the value of electricity consumed by customers in the year, but billed subsequent to year-end. Sales within the Province are primarily at rates approved by the PUB. Sales to Hydro-Québec and certain major industrial customers are at rates under the terms of applicable contracts.

A power contract (Power Contract) with Hydro-Québec, dated May 12, 1969, provides for the sale of substantially all the energy from Churchill Falls until 2041. The Power Contract has a 40-year term to 2016, which then renews for a further term of 25 years. The base rate is predetermined in the Power Contract and decreases from the existing rate of 2.5425 mills per kilowatt hour (kWh) to 2.0 mills per kWh upon renewal in 2016.

Churchill Falls receives revenues from Hydro-Québec, under a guaranteed winter availability contract (GWAC) through 2041. The GWAC provides for the sale of 682 MW of additional availability to Hydro-Québec during the months of November through March in each of the remaining years until the end of the Power Contract.

The value of differences between energy delivered and the Annual Energy Base (AEB), as defined in the Power Contract, are tracked over a four-year period and then either recovered from or refunded to Hydro-Québec over the subsequent four-year period, unless the balance is less than $1.0 million in which case it is recovered or refunded immediately. These long-term receivables or long-term payables are subject to interest at 7% per annum (2007 - 7%).

Notes to Consolidated Financial Statements

Foreign Currency Translation

Foreign currency transactions are translated into their Canadian dollar equivalent as follows:

(a) At the transaction date, each asset, liability, revenue or expense is translated using exchange rates in effect at that date.

(b) At the date of settlement and at each balance sheet date, monetary assets and liabilities are adjusted to reflect exchange rates in effect at that date. Any resulting gain or loss is reflected in income.

(c) Foreign exchange gains and losses are included in income in the current year except for unrealized gains and losses related to First Mortgage Bonds, which were recoverable under the Power Contract.

Employee Future Benefits

Employees participate in the Province's Public Service Pension Plan, a multi-employer defined benefit plan. The employer's contributions are expensed as incurred.

Nalcor provides group life insurance and health care benefits on a cost-shared basis to retired employees, in addition to a severance payment upon retirement. The expected cost of providing these other employee future benefits is accounted for on an accrual basis and has been actuarially determined using the projected benefit method prorated on service and management's best estimate of salary escalation, retirement ages of employees and expected health care costs. The excess of net cumulative actuarial gains and losses over 10% of the accrued benefit obligation are amortized over the expected average remaining service life of the employee group, which is approximately 13 years.

2. CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2008, Nalcor adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA).

Inventories

Section 3031, Inventory requires inventories to be measured at the lower of cost or net realizable value; disallows the use of last-in-first-out inventory costing methodology; and requires that, when circumstances which previously caused inventories to be written down no longer exist, the amount of the write-down is to be reversed. This new standard did not have any impact on Nalcor's financial results or disclosures.

Disclosure and Presentation of Financial Instruments

Section 3862, Financial Instruments, Disclosures and Section 3863, Financial Instruments, Presentation sets out new accounting recommendations for disclosure and presentation of financial instruments. The new recommendations require disclosure of both quantitative and qualitative information that enables users of financial statements to evaluate the nature and extent of exposure to risks from financial instruments. These new standards did not have any impact on Nalcor's financial results. The additional disclosure is included in Note 14 to these financial statements.

Capital Disclosures

Section 1535, Capital Disclosures requires Nalcor to include additional information in the notes to the financial statements about its capital and the manner in which it is managed. This additional disclosure includes quantitative and qualitative information regarding objectives, policies and processes for managing capital. The additional required disclosure is provided in Note 12 to these financial statements.

Notes to Consolidated Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT

	Cost	Contributions in aid of Construction	Accumulated Amortization	Net Book Value
millions of dollars		**2008**		
Electric - generation	**1,678.5**	**27.3**	**547.8**	**1,103.4**
Electric - transmission and distribution	**785.4**	**60.2**	**245.3**	**479.9**
Development projects	**157.0**	**-**	**-**	**157.0**
Other	**346.2**	**32.4**	**191.3**	**122.5**
	2,967.1	**119.9**	**984.4**	**1,862.8**
millions of dollars		2007		
Electric - generation	1,670.5	27.2	531.2	1,112.1
Electric - transmission and distribution	768.0	60.7	229.2	478.1
Development projects	113.8	-	-	113.8
Other	332.3	32.0	178.6	121.7
	2,884.6	119.9	939.0	1,825.7

As at December 31, 2008, the cost of assets under construction and therefore excluded from costs subject to amortization were $169.5 million (2007 - $120.4 million).

4. OIL AND GAS PROPERTIES

millions of dollars	**2008**	2007
Acquisition costs		
Balance - beginning of year	**-**	-
Discovery licenses	**110.0**	-
Balance - end of year	**110.0**	-
Development costs		
Balance - beginning of year	**-**	-
Project development costs	**2.1**	-
Balance - end of year	**2.1**	-
Total - end of year	**112.1**	-

Notes to Consolidated Financial Statements

5. FINANCIAL STATEMENT EFFECTS OF RATE REGULATION

Hydro

millions of dollars	**2008**	2007	Remaining Recovery Settlement Period (years)
Regulatory assets			
Long-term receivable	**-**	12.1	-
Foreign exchange losses	**71.1**	73.3	34
Deferred regulatory costs	**0.2**	0.4	1
Deferred major extraordinary repairs	**7.6**	12.3	4
Deferred study costs	**0.2**	0.4	1
Deferred wind power costs	**0.5**	-	1
Total regulatory assets	**79.6**	98.5	
Less current portion	**5.0**	17.2	
	74.6	81.3	
Regulatory liabilities			
Rate Stabilization Plan	**53.2**	38.3	n/a
Deferred purchased power savings	**0.6**	0.7	19
Total regulatory liabilities	**53.8**	39.0	
Less current portion	**22.3**	23.5	
	31.5	15.5	

The following is a description of each of the circumstances in which rate regulation affects the accounting for a transaction or event. Regulatory assets represent future revenues associated with certain costs, incurred in current or prior periods, that are expected to be recovered from customers in future periods through the rate-setting process. Regulatory liabilities represent future reductions or limitations of increases in revenues associated with amounts that are expected to be refunded to customers as a result of the rate-setting process. The risks and uncertainties related to regulatory assets and liabilities are subject to periodic assessment. When Hydro considers that the value of these regulatory assets or liabilities are no longer likely to be recovered or repaid through future rate adjustments, the carrying amount is reflected in operations.

Rate Stabilization Plan and Related Long-term Receivable

Fuel expenses are included in allowed rates on a forecast basis. On January 1, 1986, Hydro, having received the concurrence of the PUB, implemented a Rate Stabilization Plan (RSP) which primarily provides for the deferral of fuel expense variances resulting from changes in fuel prices, levels of precipitation and load. Adjustments are required in retail rates to cover the amortization of the balance in the plan and are implemented on July 1 of each year. Similar adjustments required in industrial rates are implemented on January 1 of each year.

Pursuant to Order No. P.U. 7 (2002-2003) and Order No. P.U. 40 (2003) RSP balances that accumulated prior to March 31, 2003, were converted to a long-term receivable bearing interest at the weighted average cost of capital to be recovered over a four-year period, which commenced in 2004. The recovery period for industrial customers ended on December 31, 2007, and for the utility customers on June 30, 2008, and any remaining balances were transferred to the current plan. Any subsequent balances accumulating in the RSP including financing charges are to be recovered in the following year, with the exception of hydraulic variation, which will be recovered or refunded at a rate of 25% of the outstanding balance at year-end. Additionally, a fuel rider is calculated annually based on the forecast fuel price and is added to or subtracted from the rates that would otherwise be in effect.

Hydro recognizes the RSP balances as a regulatory asset or liability based on the expectation that rates will be adjusted annually to provide for the collection from, or refund to, customers in future periods. In the absence of rate regulation, generally accepted accounting principles require that the cost of fuel be recognized as an operating expense in the period in which it was consumed. In 2008, $9.1 million was recognized (2007 - $31.5 million) in the RSP and $14.9 million (2007 - $8.9 million) was recovered through rates and included in energy sales, with a corresponding cost amortized in fuels expenses.

Foreign Exchange Losses

Hydro incurred foreign exchange losses related to the issuance of Swiss Franc and Japanese Yen denominated debt in 1975 and 1985, respectively, which were recognized when the debt was repaid in 1997. The PUB has accepted the inclusion of realized foreign exchange losses related to long-term debt in rates charged to customers in future periods. Any such loss, net of any gain, is deferred to the time of the next rate hearing for inclusion in the new rates to be set at that time. Accordingly, these losses are recognized as a regulatory asset. In the absence of rate regulation, generally accepted accounting principles would require that Hydro include the losses in operating costs, in each year that the related debt was outstanding to reflect the exchange rates in effect on each reporting date.

Commencing in 2002, the PUB ordered Hydro's deferred realized foreign exchange losses be amortized over a 40-year period. This amortization, of $2.2 million annually, is included in interest expense (Note 15).

Deferred Regulatory Costs

Pursuant to Order No. P.U. 8 (2007), the PUB approved the deferral and amortization of external costs associated with Hydro's 2006 General Rate Application in the amount of $0.6 million. These costs are recognized as a regulatory asset. In the absence of rate regulation, generally accepted accounting principles would require that Hydro include these costs in operating costs in the year in which they were incurred. In 2008, $0.2 million (2007 - $0.2 million) of amortization was recognized in operations and administration expenses.

Deferred Major Extraordinary Repairs

In its report dated April 13, 1992, the PUB recommended that Hydro adopt a policy of deferring and amortizing the costs of major extraordinary repairs in excess of $500,000, subject to PUB approval on a case-by-case basis. In 2005, Hydro started an asbestos abatement program at the Holyrood Thermal Generating Station (HTGS). This program was carried out over a three-year period. Pursuant to Order No. P.U. 2 (2005) the PUB approved the deferral and amortization of these costs as a major extraordinary repair. Accordingly, the costs incurred in each year of the program were recognized as a regulatory asset that will be amortized over the subsequent five-year period. In 2006, Hydro incurred $2.3 million in expenses to repair a boiler tube failure at the HTGS. Pursuant to Order No. P.U. 44 (2006) the PUB approved the deferral and amortization of these costs as a major extraordinary repair. Accordingly, these costs are being amortized over a five-year period. In 2007, $2.0 million of

Notes to Consolidated Financial Statements

expenses related to a turbine failure were deferred as a major extraordinary repair. This amount, net of insurance proceeds, has been expensed in 2008 (Note 20). In the absence of rate regulation, generally accepted accounting principles would require that Hydro expense the cost of the asbestos abatement program and the boiler tube repairs in the year in which they were incurred. In 2008, $2.7 million (2007 - $2.1 million) of amortization was recognized in operations and administration expense.

Deferred Wind Power Costs

Pursuant to Order No. P.U. 20 (2008) the PUB agreed to allow Hydro to defer $0.5 million in costs associated with connecting the wind farms at St. Lawrence and Fermeuse to the Island Interconnected Grid through Newfoundland Power's transmission system and accordingly, these costs have been recognized as a regulatory asset. These costs will be expensed in 2009. In the absence of rate regulation, generally accepted accounting principles would require that Hydro include these costs in operating costs in the year in which they were incurred.

Deferred Study Costs

Pursuant to Order No. P.U. 14 (2004) the PUB directed Hydro to conduct an independent study of the treatment of Newfoundland Power's generation in Hydro's COS, and an independent marginal cost study, and to accumulate these costs in a deferral account to be dealt with at the next general rate application. Pursuant to Order No. P.U. 8 (2007), Hydro received approval for recovery of these costs over a three-year period commencing in 2007. Accordingly, these costs have been recognized as a regulatory asset. In the absence of rate regulation, generally accepted accounting principles would require that Hydro include the cost of these studies in operating costs in the year in which they were incurred. In 2008, there were no additions (2007 - $0.2 million) and $0.2 million (2007 - $0.1 million) of amortization was recognized in operations and administration expenses.

Deferred Purchased Power Savings

In 1997, Hydro interconnected communities in the area of L'Anse au Clair to Red Bay to the Hydro-Québec system. In its report dated July 12, 1996, the PUB recommended that Hydro defer the benefits of a reduced initial purchased power rate, to be amortized over a 30-year period. These savings in the amount of $0.6 million (2007 - $0.7 million) are recognized as a regulatory liability. In the absence of rate regulation, generally accepted accounting principles would require that Hydro include the actual cost of purchased power in operating costs in the year in which they were incurred.

Property, Plant and Equipment

The PUB permits an allowance for funds used during construction (AFUDC), based on Hydro's weighted average cost of capital, to be included in the cost of capital assets and amortized over future periods as part of the total cost of the related asset. In 2008, Hydro's AFUDC of 7.6% is higher than its cost of debt of 7.3% and the amount capitalized is higher and interest expense is lower by $0.4 million than that which would be permitted in the absence of rate regulation. In 2007, Hydro's AFUDC of 7.6% was lower than its cost of debt of 8.0%, and the amount capitalized was lower and interest expense was higher by $0.3 million than that which would be permitted in the absence of rate regulation (Note 15).

Hydro amortizes its hydroelectric generating assets and transmission assets using the sinking fund method, as approved by the PUB. In the absence of rate regulation, these assets would likely be amortized using the straight-line method.

During 2005, Hydro engaged an independent consultant to conduct an amortization study. The scope of this study included a review of Hydro's amortization methods as well as a statistical analysis of service life estimates and calculation of appropriate amortization rates and annual and accrued amortization balances as at December 31, 2004. Based on the results of this study, management currently estimates that accumulated amortization is approximately $170.0 - $180.0 million lower than it would otherwise be, and annual amortization expense is $10.0 - $11.0 million lower, primarily due to the use of sinking fund rather than straight-line amortization for hydroelectric and transmission assets. An update to this study began in 2008 and is presently ongoing.

Notes to Consolidated Financial Statements

6. OTHER LONG-TERM ASSETS

millions of dollars	**2008**	2007	
Investment in Lower Churchill Development Corporation Limited	**-**	5.2	(a)
Long-term receivable	**26.7**	23.3	(b)
	26.7	28.5	

(a) Investment in LCDC

LCDC was incorporated in 1978 pursuant to the provisions of an agreement (Principal Agreement), between the Province and the Government of Canada. The Province and the Government of Canada own equity interests of 51% and 49% of LCDC, respectively. The Principal Agreement provides that future issues of Class A common shares shall preserve, as nearly as possible, this ratio of beneficial ownership. Hydro is the designate for the Province's shareholding in LCDC.

Pursuant to the provisions of the Principal Agreement, the Province agreed to enter into an Option Agreement, dated November 24, 1978, with LCDC in respect of GIPCo assets and the hydroelectric development rights to the lower Churchill River, (the Water Rights). In consideration of the option granted from the Province, LCDC issued 520 Class A common shares to Hydro, valued at $5.2 million.

The option provided that upon agreement to continue with the development, LCDC would have acquired the GIPCo assets for the amount of $94.8 million ($100.0 million less the amount of $5.2 million representing the shares issued pursuant to the signing of the Option Agreement). A 10% convertible demand debenture in the amount of $94.8 million would have been issued as consideration for the GIPCo assets and LCDC would have acquired the Water Rights from the Province with the consideration having been the issue of 3,000 Class B common shares without nominal or par value.

On November 20, 2008, LCDC was advised by the Province that it would not be extending the Option Agreement. As a consequence, LCDC's option expired on November 24, 2008, which had the effect of terminating the Option Agreement and Hydro's share of the option in the amount of $2.7 million was expensed as an investment write-down in 2008 and the liability to the Government of Canada for non-controlling interest in the amount of $2.5 million was eliminated.

Hydro holds 1,540 Class A common shares of LCDC that have a stated value of $10,000 each. 520 shares were acquired in 1979 pursuant to signing of the Option Agreement and 510 shares were acquired in each of the years 1980 and 1981, by way of capital contributions from the Province.

(b) Long-term Receivable

Included in long-term receivables are two refundable deposits in the amount of $25.4 million (2007 - $23.3 million) associated with an application for transmission service into Québec, bearing interest at prime until April 2007 at one-year Guaranteed Income Certificate (GIC) rates thereafter. The remaining portion of $1.3 million (2007 – nil) is a long-term receivable from Hydro-Quebec.

Notes to Consolidated Financial Statements

7. JOINT VENTURE

The following amounts included in the Consolidated Financial Statements represent Nalcor's proportionate share of Churchill Falls' assets and liabilities at December 31, 2008, and its proportionate interest in Churchill Falls' operations for the year ended December 31, 2008.

millions of dollars	**2008**	2007
Current assets	**37.0**	39.5
Long-term assets	**334.2**	328.9
Current liabilities	**10.5**	12.5
Long-term liabilities	**29.3**	36.6
Revenues	**65.3**	70.6
Expenses	**50.3**	51.0
Net income	**15.0**	19.6
Cash provided by (used in)		
Operating activities	**30.4**	40.4
Financing activities	**(12.9)**	(19.7)
Investing activities	**(20.0)**	(16.3)

Income tax expense in the amount of $0.2 million (2007 - $0.2 million) related to a jointly controlled subsidiary, Twin Falls, has been grouped with operating expenses.

8. LONG-TERM DEBT

Summary of long-term debt	Hydro	Churchill Falls	Total	Hydro	Churchill Falls	Total
millions of dollars		**2008**			2007	
Long-term debt	**1,154.7**	**30.1**	**1,184.8**	1,359.4	37.5	1,396.9
Less current portion	**8.3**	**0.8**	**9.1**	208.3	0.8	209.1
	1,146.4	**29.3**	**1,175.7**	1,151.1	36.7	1,187.8

Required repayments of long-term debt and sinking fund requirements over the next five years will be as follows:

millions of dollars	2009	2010	2011	2012	2013
Sinking fund requirements	8.2	8.2	8.2	8.2	8.2
Long-term debt repayments	0.9	29.3	-	-	-
	9.1	37.5	8.2	8.2	8.2

Notes to Consolidated Financial Statements

Nalcor

Nalcor maintains an unsecured revolving term credit facility with its banker in the amount of $150.0 million Canadian or U.S. equivalent. Borrowings in Canadian dollars may take the form of Prime Rate advances, Bankers' Acceptances (BAs), and Letters of Credit. Borrowings in U.S. dollars may take the form of Base Rate advances, LIBOR Advances and Letters of Credit. The facility also provides coverage for overdrafts on Nalcor's bank accounts, with interest calculated at the Prime Rate. The terms of the credit facility provide for the expansion of the facility up to $300.0 million Canadian or U.S. equivalent as a non-revolving term credit facility, secured by the guarantee of the Province. At year-end, the only drawing on the facility was one irrevocable letter of credit issued on behalf of Nalcor's subsidiary, Oil and Gas. This letter of credit, in the amount of $1.5 million, was issued to the Canada-Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB) to satisfy certain financial responsibility requirements specified in the Accords Acts with respect to the issuance of authorizations for petroleum-related work or activities within the Newfoundland and Labrador offshore area.

Hydro

Series	Face Value	Coupon Rate %	Year of Issue	Year of Maturity		
millions of dollars					**2008**	2007
AA	200.0	5.50	1998	2008	**-**	199.9
V*	125.0	10.50	1989	2014	**124.5**	124.4
X*	150.0	10.25	1992	2017	**149.1**	149.0
Y*	300.0	8.40	1996	2026	**292.9**	292.7
AB*	300.0	6.65	2001	2031	**306.9**	307.1
AD*	125.0	5.70	2003	2033	**123.5**	123.5
AE*	225.0	4.30	2006	2016	**223.5**	223.3
Total debentures	1,425.0				**1,220.4**	1,419.9
Less sinking fund investments in own debentures					**65.9**	60.8
					1,154.5	1,359.1
Other					**0.2**	0.3
					1,154.7	1,359.4
Less payments due within one year					**8.3**	208.3
					1,146.4	1,151.1

** Sinking funds have been established for these issues.*

Sinking fund investments consist of bonds, debentures, promissory notes and coupons issued by, or guaranteed by, the Government of Canada or any province of Canada, and have maturity dates ranging from 2013 to 2033. Hydro debentures, which management intends to hold to maturity, are deducted from long-term debt while all other sinking fund investments are shown separately on the balance sheet as assets. Annual contributions to the various sinking funds are as per bond indenture terms, and are structured to ensure the availability of adequate funds at the time of expected bond redemption. Effective yields range from 4.50% to 9.86% (2007 - 4.50% to 9.86%).

Promissory notes, debentures and long-term loans are unsecured and unconditionally guaranteed as to principal and interest and where applicable, sinking fund payments, by the Province. The Province charges Hydro a guarantee fee of 1.0% annually on the total debt (net of sinking funds) guaranteed by the Province, outstanding as of the preceding December 31. During 2008, the Province waived the payment of this fee.

Notes to Consolidated Financial Statements

Hydro uses promissory notes to fulfill its short-term funding requirements. At year-end the promissory notes outstanding were at interest rates ranging from 1.40% to 2.90% (2007 – 4.30% to 4.45%).

Hydro maintains a $50.0 million Canadian or U.S. equivalent unsecured operating credit facility with its banker and at year-end, there were no amounts drawn on the facility (2007 – nil). Advances may take the form of a prime rate advance or the issuance of a BA with interest calculated at the prime rate or prevailing Government BA fee. The facility also provides coverage for overdrafts on Hydro's bank accounts, with interest calculated at the prime rate. At year-end, Hydro had two letters of credit outstanding (Note 18(f)) reducing the availability of the credit facility by $7.5 million.

Churchill Falls

millions of dollars	**2008**	2007
General Mortgage Bonds		
7.5% due December 15, 2010	–	37.5
Less: current portion	–	0.8
Total long-term debt	–	36.7
Bank of Nova Scotia Credit Agreement		
4.4% due December 15, 2010	**30.1**	–
Less: current portion	**0.8**	–
Total long-term debt	**29.3**	–

Refinancing

On February 25, 2008, Churchill Falls completed a refinancing of the General Mortgage Bonds. The General Mortgage Bonds, bearing an interest rate of 7.5% (6.0% net of subsidies) were retired and replaced with a 4.4% fixed rate credit agreement with The Bank of Nova Scotia. Principal repayment terms of the new credit agreement are the same as those required by the General Mortgage Bonds, which provided for semi-annual payments in an amount equal to 1.0% of the aggregate principal amount outstanding on January 1 preceding each payment date with a final principal payment due in 2010.

Churchill Falls exercised its prepayment privileges under the new credit agreement by prepaying $10.0 million principal on March 25, 2008. Nalcor's share of this repayment was $6.6 million.

Dividend Restriction

Under the terms of the long-term debt instruments, Churchill Falls may pay cash dividends only out of earnings, as defined, accumulated from September 1, 1976. A Shareholders' agreement signed in June 1999 places additional restrictions on dividends based on cash flow.

Operating Credit Facility

Churchill Falls maintains a $10.0 million Canadian or U.S. equivalent unsecured operating credit facility with its banker and at year-end, there were no amounts drawn on the facility (2007 – $0.3 million). Advances may take the form of a Prime Rate advance or the issuance of BAs with interest calculated at the Prime Rate or prevailing Government BA fee. The facility provides coverage for overdrafts on Churchill Falls' bank accounts, with interest calculated at the Prime Rate. At year-end, Churchill Falls had two letters of credit outstanding (Note 18(f)) reducing the availability of the credit facility by $1.4 million.

Notes to Consolidated Financial Statements

9. LONG-TERM PAYABLE

The long-term payable to Hydro-Québec as of December 31, 2008, is the accumulation of differences between energy delivered monthly and the AEB energy billed monthly, which will be tracked during the four-year period from September 1, 2008 to August 31, 2012. Currently, the full amount of $0.7 million (2007 – nil) is long-term. The final amount will be determined on August 31, 2012, and will be paid/collected monthly beginning September 2012 and ending August 2016.

10. EMPLOYEE FUTURE BENEFITS

Pension Plan

Employees participate in the Province's Public Service Pension Plan, a multi-employer defined benefit plan. The employer's contributions of $4.9 million (2007 – $4.6 million) are expensed as incurred.

Other Benefits

Additionally, Nalcor provides group life insurance and health care benefits on a cost-shared basis to retired employees, and in certain cases, their surviving spouses, in addition to a severance payment upon retirement. In 2008, cash payments to beneficiaries for its unfunded other employee future benefits was $3.0 million (2007 – $2.3 million). The most recent actuarial valuation was performed as at December 31, 2006, with an extrapolation of the December 31, 2006 valuation to December 31, 2008. The next actuarial valuation will be performed as at December 31, 2009.

millions of dollars	**2008**	2007
Accrued benefit obligation		
Balance at beginning of year	**68.6**	67.8
Current service cost	**2.2**	2.3
Interest cost	**3.8**	3.6
Actuarial gain	**(19.3)**	(2.8)
Benefits paid	**(3.0)**	(2.3)
Balance at end of year	**52.3**	68.6
Plan deficit	**52.3**	68.6
Unamortized actuarial loss	**(0.4)**	(20.9)
Unamortized past-service cost	**(0.3)**	(0.3)
Accrued benefit liability at end of year	**51.6**	47.4

millions of dollars	**2008**	2007
Components of benefit cost		
Current service cost	**2.2**	2.3
Interest cost	**3.8**	3.6
Actuarial gain	**(19.3)**	(2.8)
	(13.3)	3.1
Adjustments		
Difference between actual actuarial gain and amount recognized	**20.4**	4.3
Benefit expense	**7.1**	7.4

Notes to Consolidated Financial Statements

The significant actuarial assumptions used in measuring the company's accrued benefit obligations and benefit expense are as follows:

	2008	2007
Discount rate	**7.5%**	5.5%
Rate of compensation increase	**3.5%**	3.5%

Assumed health care trend rates:

	2008	2007
Initial health care expense trend rate	**7.0%**	8.0%
Cost trend decline to	**5.0%**	5.0%
Year that rate reaches the rate it is assumed to remain at	**2011**	2011

A 1% increase in assumed health care trend rates would have had the following effect:

millions of dollars	**2008**	2007
Current service and interest cost	**1.2**	0.8
Accrued benefit obligation	**7.2**	5.7

A 1% decrease in assumed health care trend rates would have had the following effect:

millions of dollars	**2008**	2007
Current service and interest cost	**(0.8)**	(0.8)
Accrued benefit obligation	**(5.5)**	(9.2)

11. SHAREHOLDER'S EQUITY

Share Capital

millions of dollars	**2008**	2007
Common shares		
Authorized: unlimited, issued 122,500,000 (2007 - 22,503,924)	**122.5**	22.5

In 2007, the Province held 22,503,924 shares in Hydro with a value of $22.5 million and pursuant to the Hydro Corporation Act, 2007, these shares were transferred to Nalcor. This transfer of shares was accounted for using the continuity of interests method. During 2008, Nalcor issued an additional 99,996,076 shares with a value of $100.0 million.

Contributed Capital

millions of dollars	**2008**	2007
Total contributed capital	**191.5**	114.0

During 2008, the Province contributed capital in the amount of $77.5 million.

Notes to Consolidated Financial Statements

12. CAPITAL MANAGEMENT

Nalcor's primary objectives when managing capital are to minimize Nalcor's cost of capital within the confines of established risk parameters, and to safeguard Nalcor's ability to continue as a going concern. Nalcor's approach to capital management is performed on a consolidated basis. Management monitors the capital requirement for each subsidiary individually.

The capital managed by Nalcor is comprised of debt (long-term debentures, promissory notes, bank credit facilities and bank indebtedness) and equity (share capital, contributed capital, accumulated other comprehensive income and retained earnings).

A summary of the capital structure is outlined below:

millions of dollars	**2008**		2007	
Debt				
Long-term debt	**1,175.7**		1,187.8	
Current portion of long-term debt	**9.1**		209.1	
Promissory notes	**163.0**		7.0	
Sinking funds	**(163.9)**		(151.8)	
	1,183.9	**55.9%**	1,252.1	64.9%
Equity				
Share capital	**122.5**		22.5	
Contributed capital	**191.5**		114.0	
Accumulated other comprehensive income	**16.5**		19.5	
Retained earnings	**604.0**		521.8	
	934.5	**44.1%**	677.8	35.1%
Total debt and equity	**2,118.4**	**100.0%**	1,929.9	100.0%

Hydro

Hydro requires access to capital due to the capital intensive nature of the business that is required to ensure the continued delivery of safe and reliable service to its customers. Hydro's approach to capital management encompasses various factors including monitoring the percentage of floating rate debt in the total debt portfolio, the weighted average term to maturity of its overall debt portfolio, its percentage of debt to debt plus equity and its earnings before interest and taxes (EBIT) coverage of interest. Adjustments to the capital structure are accomplished through adjustments to the amount of dividends paid to the Shareholder, cash infusion via contributed equity and new debt issuance or debt issuance with differing characteristics. Hydro's goal is to achieve a capital structure and cash flows to support debt.

Churchill Falls

Churchill Falls' objective when managing capital is to maintain its ability to continue as a going concern. Churchill Falls' requirements for capital in the future are expected to increase, coincident with the aging of the plant and related infrastructure. The focus of the capital management policy is to provide flexibility to ensure cash continues to be available to satisfy capital requirements. Managing the level of dividend payments is a key aspect of ensuring the availability of funding to maintain the plant and infrastructure.

At present, the capital position of Churchill Falls is weighted heavily toward equity capital (share capital and retained earnings). The only remaining long-term debt at the end of the year consisted of a loan from the Bank of Nova Scotia, the balance of which comprised less than 10% of the total capital structure. This loan carries the same terms of repayment as the former General Mortgage Bonds and will mature in December of 2010, with any remaining principal due at that time. Churchill Falls has the right to prepay under certain conditions and has already taken advantage of the opportunity to do so. On March 19, 2008, Churchill Falls exercised its prepayment rights under the Credit Agreement to prepay $10.0 million in principal effective March 25, 2008. The corporate strategy is to ensure that funding is in place to extinguish the entire debt by the end of 2010 without re-financing. The capital structure is adjusted through the amount of dividends paid to Shareholders.

Oil and Gas

Future requirements for capital are expected to increase, coincident with the increase in projects in development. Capital costs to date have been financed by equity. Once projects reach the production stage Oil and Gas' cash from operations will contribute to funding its capital requirements.

13. ACCUMULATED OTHER COMPREHENSIVE INCOME

Changes in the fair value of sinking fund and reserve fund investments comprise the items in other comprehensive income.

millions of dollars	**2008**	2007
Balance, beginning of year	**19.5**	-
Adjustment due to the adoption of new accounting policies	-	19.3
Change in fair value of sinking fund investments	**(3.6)**	0.2
Change in fair value of reserve fund investments	**0.6**	-
Balance, end of year	**16.5**	19.5

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Nalcor has classified its financial instruments as follows:

Cash and cash equivalents	Held-for-trading
Short-term investments	Held-to-maturity
Accounts receivable	Loans and receivables
Sinking funds – investments in same Hydro issue	Held-to-maturity
Sinking funds – other investments	Available-for-sale
Reserve fund	Available-for-sale
Long-term receivable	Loans and receivables
Bank indebtedness	Other liabilities
Accounts payable and accrued liabilities	Other liabilities
Promissory notes	Other liabilities
Long-term debt	Other liabilities
Due to related parties	Other liabilities

Each of these financial instruments is measured at amortized cost, except for the reserve fund, sinking fund – other investments and cash and cash equivalents, which are measured at fair value.

Notes to Consolidated Financial Statements

Fair Value

The estimated fair values of financial instruments as at December 31, 2008, are based on relevant market prices and information available at the time. The fair value of long-term debt is estimated based on the quoted market price for the same or similar debt instruments. The fair value estimates below are not necessarily indicative of the amounts that Nalcor might receive or incur in actual market transactions. As a significant number of Hydro's assets and liabilities, including fuels and supplies and property, plant and equipment, do not meet the definition of financial instruments, the fair value estimates below do not reflect the fair value of Nalcor as a whole.

In 2007, Nalcor recognized an increase to opening retained earnings of $2.3 million resulting from the measurement of outstanding long-term debt at amortized cost, using the effective interest method. As well, Nalcor recognized an opening balance of accumulated other comprehensive income arising from unrealized gains on sinking fund investments of $19.3 million.

	Carrying Value	Fair Value	Carrying Value	Fair Value
millions of dollars	**2008**		2007	
Financial liabilities				
Long-term debt including current portion	**1,184.8**	**1,484.8**	1,396.9	1,731.2

Transaction costs related to financial assets and financial liabilities are included as part of the cost of the instrument, with the exception of cash and cash equivalents, which are expensed as incurred, based upon the pricing obtained during the quotation process. Discounts and premiums on financial instruments are amortized to income over the life of the instrument.

Risk Management

Exposure to credit risk, liquidity risk and market risk arises in the normal course of Nalcor's business.

Credit Risk

Nalcor is exposed to credit risk in the event of non performance by counterparties to its financial instruments. The majority of the receivables are from regulated utilities, which minimizes credit risk. There is risk that Nalcor will not be able to collect all of its remaining accounts receivable and amounts owing under its customer finance plans. These financial instruments that arise in the normal course of business do not represent a significant concentration of credit risk as amounts are owed by a large number of customers on normal credit terms. Nalcor manages this credit risk primarily by executing its credit and collection policy including the requirement for security deposits from certain customers.

Nalcor manages its investment credit risk exposure by restricting its investments to high-quality securities such as Canada Treasury Bills, Bankers' Acceptances drawn on Schedule 1 Canadian Chartered Banks and Term Deposits issued by Schedule 1 Canadian Chartered Banks. Additionally, the investments held within the portfolios of Churchill Falls do not exceed 10% with any one institution with the exception of the Government of Canada.

Liquidity Risk

Nalcor is exposed to liquidity risk with respect to its contractual obligations and financial liabilities. This risk is managed by maintaining borrowing facilities sufficient to cover both anticipated and unexpected fluctuations within the operations and by continuously monitoring cash flows. Short-term liquidity is provided through cash and cash equivalents on hand, funds from operations, a $300.0 million promissory note program and credit facilities. Long-term liquidity risk is managed by the issuance of a portfolio of debentures with maturity dates ranging from 2014 to 2033. Sinking funds have been established for these issues. In addition, the reserve fund in Churchill Falls and the dividend management policy is used to meet long-term liquidity requirements associated with debt retirement and capital expenditure programs.

Notes to Consolidated Financial Statements

Market Risk

Market risk refers primarily to the risk of loss resulting from changes in interest rates, commodity prices and foreign exchange rates.

Interest Rates: Interest rate risk is managed within the corporate financing strategy where floating rate debt exposures and interest rate scenarios are forecast and evaluated. A diversified portfolio of fixed and floating rate debt is maintained and managed with a view to an acceptable risk profile. Key quantitative parameters for interest rate risk management includes the percentage of floating rate debt in the total debt portfolio, coupled with an examination of the weighted average term to maturity of the entire debt portfolio. By setting clear guidelines in respect to these quantitative parameters, Nalcor attempts to minimize the likelihood of a material impact on net income resulting from an unexpected change in interest rates.

Within Hydro, exposure to changes in interest rates on interest expense related to the short-term debt portfolio and interest income related to the sinking fund investment portfolios creates risk. Hydro estimates that an increase of 100 basis points from the actual average yield on the short-term debt portfolio in 2008 would have resulted in a change in interest expense of $1.3 million (2007 - $0.2 million). Similarly, an increase of 100 basis points from the actual average yield on the sinking fund investment portfolio in 2008 would have resulted in a change in interest income of $2.0 million (2007 - $1.8 million) and a decrease in other comprehensive income of $16.1 million (2007 - $16.1 million). Interest rate risk on the long-term debt portfolio is mitigated through the use of fixed rate debentures.

Within Churchill Falls, interest rate risk is mitigated on the company's long-term debt by virtue of a fixed interest rate to maturity. Exposure to changes in interest rates exists on investment income related to the short-term and reserve fund investment portfolios. Churchill Falls estimates that an increase of 100 basis points from the actual average yield earned on the short-term investment portfolio in 2008 would have resulted in a change in interest income of $0.2 million (2007 - $0.2 million). Similarly, an increase of 100 basis points from the actual average yield earned on the reserve fund investment portfolio in 2008 would have resulted in a change in interest income of $0.2 million (2007 - $0.1 million) and an increase in other comprehensive income of $0.5 million (2007 - $0.2 million). Interest rate risk is managed within the corporate financing strategy whereby floating rate debt exposures and interest rate scenarios are forecast and evaluated.

Foreign Currency and Commodity Exposure: Fair value of future cash flows of a financial instrument will fluctuate due to changes in the exchange rate between the foreign currency and the Canadian dollar. Nalcor's primary exposure to both foreign exchange and commodity price risk arise from activities within Hydro from its purchases of No. 6 fuel for consumption at the HTGS. During 2008, Hydro had total purchases of No. 6 fuel of $103.9 million (2007 - $122.0 million). These purchases are denominated in U.S. dollars.

Nalcor's exposure to both the foreign exchange and commodity price risk associated with these purchases is mitigated through the operation of the RSP. The purpose of the RSP is to both reduce volatility in customer rates as well as mitigate potential net income volatility from fuel price and volume variations. All variances in actual fuel prices and exchange rates as compared to that approved in Hydro's most recent COS used to set rates, are captured in the RSP and are either refunded to or collected from customers via automatic rate adjustments. Nalcor also employs the periodic use of forward currency contracts as a means by which exposure to exchange rates on a particular day can be avoided. As at December 31, 2008, there were no forward contracts outstanding.

Notes to Consolidated Financial Statements

15. INTEREST EXPENSE

millions of dollars	**2008**	2007
Gross interest		
Long-term debt	**96.0**	105.0
Promissory notes	**4.2**	0.9
	100.2	105.9
Accretion of long-term debt	**0.5**	0.8
Provision for foreign exchange losses	**2.2**	2.2
	102.9	108.9
Less		
Recovered from Hydro-Québec	**0.1**	1.0
Interest capitalized during construction	**9.6**	6.3
Interest earned	**15.0**	14.3
Net interest expense	**78.2**	87.3
Debt guarantee fee	**-**	13.1
Net interest and guarantee fee	**78.2**	100.4

Under the terms of the Power Contract, Churchill Falls recovers the difference between interest calculated at the rates prescribed in the Power Contract and interest paid on its long-term debt. In addition, with the refinancing of the General Mortgage Bonds, Churchill Falls is required to share with Hydro-Québec any benefits it receives resulting from the refinancing.

Also, Churchill Falls can request Hydro and Hydro-Québec to make advances against the issue of Subordinated Debt Obligations, to service its debt and to cover expenses if funds are not otherwise available. If such requests fail to attract sufficient advances, Churchill Falls can require Hydro-Québec to make additional advances, against the issue of units of Subordinate Debentures and shares of common stock, to service its debt and to cover its expenses that remain unfunded.

16. CHANGE IN NON-CASH WORKING CAPITAL BALANCES

millions of dollars	**2008**	2007
Accounts receivable	**3.1**	(7.8)
Fuel and supplies	**17.0**	(15.3)
Prepaid expenses	**(0.4)**	0.3
Accounts payable and accrued liabilities	**(19.5)**	26.7
Regulatory assets	**18.9**	49.7
Regulatory liabilities	**14.8**	(11.3)
Accrued interest	**(2.0)**	(0.1)
Employee future benefits	**4.2**	5.1
Long-term receivable	**(2.9)**	(4.5)
Long-term payable	**0.7**	(0.3)
	33.9	42.5

17. SEGMENT INFORMATION

Nalcor operates in four business segments. Regulated operations encompass sales of power and energy to most customers within the Province while Churchill Falls operates a hydroelectric generating facility and sells electricity primarily to Hydro-Québec. Other energy activities are primarily engaged in sales to markets outside the province and development activities. Oil and Gas activities include exploration, development, production, transportation and processing sectors of the oil and gas industry. The designation of segments has been based on a combination of regulatory status and management accountability. The segment's accounting policies are the same as those described in Note 1.

Notes to Consolidated Financial Statements

	Regulated	Other Energy Activities	Churchill Falls	Oil and Gas	Inter-segment	Total
millions of dollars			2008			
Revenue						
Energy sales	440.1	58.2	68.9	–	(3.9)	563.3
Other	2.2	–	0.3	0.3	3.1	5.9
	442.3	58.2	69.2	0.3	(0.8)	569.2
Expenses						
Operations and administration	99.1	8.9	38.8	0.4	–	147.2
Fuels	164.8	–	–	–	–	164.8
Power purchased	41.4	3.5	–	–	(3.9)	41.0
Amortization	40.4	0.1	11.4	–	1.2	53.1
Interest	87.6	(9.5)	0.1	–	–	78.2
Write-down of investment	–	2.7	–	–	–	2.7
	433.3	5.7	50.3	0.4	(2.7)	487.0
Net income before equity in Churchill Falls	9.0	52.5	18.9	(0.1)	1.9	82.2
Equity in Churchill Falls	–	11.8	–	–	(11.8)	–
Preferred dividends	–	9.0	–	–	(9.0)	–
Net income	9.0	73.3	18.9	(0.1)	(18.9)	82.2
Capital expenditures	45.6	43.2	4.3	112.4	–	205.5
Total assets	1,711.5	723.0	371.2	112.7	(438.7)	2,479.7

During 2008, sales to Nalcor's three largest customers amounted to 90% of total energy sales revenue (2007 - 90%).

	Regulated	Other Energy Activities	Churchill Falls	Oil and Gas	Inter-segment	Total
millions of dollars			2007			
Revenue						
Energy sales	438.7	58.5	74.2	–	(3.9)	567.5
Other	2.0	–	0.3	–	3.6	5.9
	440.7	58.5	74.5	–	(0.3)	573.4
Expenses						
Operations and administration	98.5	6.0	38.6	–	–	143.1
Fuels	159.2	–	–	–	–	159.2
Power purchased	38.5	3.9	–	–	(4.0)	38.4
Amortization	38.4	–	11.2	–	1.1	50.7
Interest	103.2	(5.0)	2.1	–	0.1	100.4
	437.8	4.9	51.9	–	(2.8)	491.8
Net income before equity in Churchill Falls	2.9	53.6	22.6	–	2.5	81.6
Equity in Churchill Falls	–	14.7	–	–	(14.7)	–
Preferred dividends	–	10.4	–	–	(10.4)	–
Net income	2.9	78.7	22.6	–	(22.6)	81.6
Capital expenditures	36.0	45.7	4.8	–	–	86.5
Total assets	1,733.3	498.9	368.4	–	(314.3)	2,286.3

Geographic Information

Revenues by geographic area:

millions of dollars	**2008**	2007
Newfoundland and Labrador	**447.6**	445.1
Québec	**121.6**	128.3
	569.2	573.4

All of Nalcor's assets are located in the Province.

18. COMMITMENTS AND CONTINGENCIES

(a) Under the terms of a sublease with Twin Falls, expiring on December 31, 2014, Churchill Falls is required to deliver to Twin Falls, at an agreed price, horsepower equivalent to the installed horsepower of the Twin Falls plant and to maintain Twin Falls' plant and equipment. The costs associated with making the plant operational, if required, are not estimable at this time. In 2015, the physical assets of Twin Falls will revert to Churchill Falls, and Churchill Falls is required to make this horsepower available to Hydro at rates that are commercially reasonable pursuant to the 1999 Shareholders' agreement.

The results of an Environmental Site Assessment (ESA) conducted at the Twin Falls Generating Station indicated higher than acceptable concentrations of contaminants in the soil and waters adjacent to the powerhouse. Further testing was conducted to determine the extent of contamination. The recommendations arising from this testing indicate that remediation is not required, but further monitoring be carried out. Further monitoring is recommended for 2010 and every five years thereafter.

(b) Pursuant to the terms of the 1999 Shareholders' agreement, in 2007, Churchill Falls commenced the creation of a $75.0 million segregated reserve fund to contribute towards the funding of capital expenditures related to Churchill Falls' existing facilities and their replacement. Churchill Falls invested $17.0 million in each of 2007 and 2008. The remaining investments will be acquired during a 30-day period commencing on each of the following dates:

January 1, 2009	$17.0 million
January 1, 2010	$8.0 million
January 1, 2011	$8.0 million
January 1, 2012	$8.0 million

This fund must remain in place until the end of the Shareholders' agreement in 2041. Any amounts removed to fund capital expenditures must be replaced. Reserve fund holding consist of securities issued by the Government of Canada, various provinces of Canada and Schedule 1 Canadian Chartered Banks. Nalcor's share of this commitment is 65.8%.

A summary of Nalcor's 65.8% share of the reserve fund is as follows:

millions of dollars	**2008**	2007
Opening balance	**11.2**	-
Contribution	**11.2**	11.2
Total contribution to reserve fund	**22.4**	11.2
Net interest earned	**0.4**	0.3
Mark-to-market adjustment	**0.6**	-
Fair value of reserve fund	**23.4**	11.5

Notes to Consolidated Financial Statements

(c) Hydro has received claims instituted by various companies and individuals with respect to outages and other miscellaneous matters. Although such matters cannot be predicted with certainty, management currently considers Hydro's exposure to such claims and litigation, to the extent not covered by insurance policies or otherwise provided for, to be $0.2 million (2007 - $1.2 million).

One of Hydro's industrial customers commenced legal proceedings in 1997, claiming approximately $22.2 million (2007 - $21.8 million) related to outages and plant shutdowns. Hydro is defending this claim and management believes that this claim will not be successful.

(d) Outstanding commitments for capital projects total approximately $13.6 million (2007 - $16.8 million).

(e) Hydro has entered into a number of long-term power purchase agreements as follows:

Type	Rating	In-service Date	Term
Hydroelectric	175 kW	1988	Continual
Hydroelectric	3 MW	1995	25 years
Hydroelectric	4 MW	1998	25 years
Cogeneration	15 MW	2003	20 years
Wind	390 kW	2004	15 years
Wind	27 MW	2008	20 years
Wind	27 MW	2009	20 years

During 2008, the enactment of the Abitibi-Consolidated Rights and Assets Act resulted in the cancellation of two long-term power purchase agreements (Note 21(a)).

Estimated payments due in each of the next five years are as follows:

millions of dollars	2009	2010	2011	2012	2013
Power purchases	25.6	26.4	29.6	30.0	30.6

(f) Nalcor has issued a letter of credit, in the amount of $1.5 million, to CNLOPB to satisfy certain financial responsibility requirements specified in the Accords Acts with respect to the issuance of authorizations for petroleum-related work or activities within the Newfoundland and Labrador offshore area.

Hydro has issued two irrevocable letters of credit, one in the amount of $7.2 million to New Brunswick System Operator as credit support related to an application for point-to-point transmission service. The second letter of credit has been issued to the Department of Fisheries and Oceans in the amount of $0.3 million as a performance guarantee in relation to the Fish Habitat Compensation Agreement.

Churchill Falls has issued two irrevocable letters of credit, in the amount of $0.7 million each to ensure satisfactory management of its waste management and compliance with a Certificate of Approval for the transportation of special hazardous wastes, granted by the Department of Environment and Conservation.

Notes to Consolidated Financial Statements

19. RELATED PARTY TRANSACTIONS

The Province, Nalcor, Hydro, Churchill Falls, Oil and Gas, LCDC and GIPCo are related parties. In addition, the PUB is related to Nalcor by virtue of its status as an agency of the Province.

(a) Hydro has entered into a long-term power contract with Churchill Falls for the purchase of $6.0 million (2007 – $6.1 million) of the power produced by Churchill Falls and Nalcor's 65.8% share is eliminated upon consolidation.

(b) For the year ended December 31, 2008, approximately $2.2 million (2007 – $2.2 million) of operating costs were recovered from Churchill Falls for engineering, technical, management and administrative services. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties and Nalcor's 65.8% share is eliminated upon consolidation.

(c) Hydro is required to contribute to the cost of operations of the PUB as well as pay for the cost of hearings into applications it makes. During 2008, Hydro incurred $0.6 million in costs related to the PUB (2007 – $1.2 million) of which $0.1 million (2007 – $0.1 million) was included in accrued liabilities.

(d) Under the terms and conditions of the Churchill Falls (Labrador) Corporation (Lease) Act, 1961, Churchill Falls must pay rentals and royalties to the Province annually.

(e) During 2008, Hydro received contribution in aid of construction from the Province related to wind feasibility studies. As at December 31, 2008, the full amount of $0.5 million has been recorded as deferred capital contribution.

(f) During 2008, Hydro received $0.4 million (2007 – nil) as a rate subsidy for rural isolated customers from the Province and $1.5 million (2007 – $0.6 million) as an energy rebate to offset the cost of basic electricity consumption for Labrador rural isolated residential customers under the Northern Strategic Plan with $0.1 million (2007 – $0.6 million) recorded as accounts receivable at year-end.

20. CHANGE IN ESTIMATE

In 2007, Hydro incurred $2.0 million in expenses to repair a turbine at HTGS and these costs were deferred as a major extraordinary repair. Pursuant to Order No. P.U. 31 (2008), the PUB denied Hydro's request to treat the repair of the turbine as a major extraordinary repair and therefore, the full cost of the repair, net of insurance proceeds of $0.8 million, was recorded in operations and administration expense during 2008.

21. SIGNIFICANT OCCURRENCES

Hydro

In late 2008, Abitibi-Consolidated announced the shut-down of the Grand Falls Pulp and Paper Mill resulting in the loss of a major industrial customer. Revenue from this customer for the year-ended December 31, 2008, was $5.1 million (2007 – $4.9 million). The Abitibi-Consolidated Rights and Assets Act was enacted on December 16, 2008, resulting in the cancellation of two power purchase agreements from two non-utility generators in which Abitibi was a partner.

Churchill Falls

On November 3, 2008, a fire occurred in a cable shaft at Churchill Falls causing extensive damage to two sets of high voltage cables in two units of the cable shaft.

Repair work has begun on one unit with work expected to be completed in February 2009. The second unit will be repaired in the summer of 2009 once the necessary cables have been obtained. Nalcor's estimated share of the cost of the repair to the cables in the amount of $6.6 million is covered by an insurance policy with a $1.3 million deductible. As at December 31,

Notes to Consolidated Financial Statements

2008, Nalcor's share of expenses totaling $1.5 million have been incurred in relation to this repair and insurance proceeds of $0.2 million have been accrued. Churchill Falls will accrue the expenses and related insurance proceeds as incurred.

Nalcor's 65.8% share of the total impact of the fire on net income for the year-ended December 31, 2008, including lost revenue is estimated to be as follows:

millions of dollars	**2008**
Lost revenue - guaranteed winter availability	**(8.4)**
Lost revenue - power sales	**(2.1)**
Repair costs (net of insurance proceeds)	**(1.3)**
Net decrease in rental and other costs	**0.8**
Total impact on net income	**(11.0)**

22. OIL AND GAS INTERESTS

In 2008, Oil and Gas purchased a 4.9% participating interest in the Significant Discovery Licences (SDL) and project assets for the Hebron Ben Nevis and West Ben Nevis fields for a purchase price of $110.0 million. In co-operation with the other partners, Oil and Gas is pursuing development of the oil resources within the Hebron field.

23. SUBSEQUENT EVENT

On January 30, 2009, Oil and Gas signed an agreement to purchase a 5% working interest in the oil resources contained within the White Rose Growth Project, which includes the North Amethyst Field, West White Rose and the South White Rose Extension. The purchase price was a maximum of $30.0 million, net of HST, to be paid in two installments. The first installment of $7.0 million was paid on January 30, 2009; the remaining payment of $23.0 million will be made upon the determination of the West White Rose Extension oil reserves. This payment will be dependent on the extent of these oil reserves but will be no more than $23.0 million.

Financial Statistics

Year ended December 31 (millions of dollars)	**2008**	2007	2006	2005	2004
OPERATING RESULTS					
Revenue					
Energy sales	**563.3**	567.5	541.8	526.8	488.6
Other	**5.9**	5.9	6.2	5.7	4.9
	569.2	573.4	548.0	532.5	493.5
Expenses					
Operations and administration	**147.2**	143.1	130.4	130.8	123.4
Fuels and power purchased	**205.8**	197.6	193.4	176.9	153.4
Amortization	**53.1**	50.7	48.5	47.0	45.8
Interest	**78.2**	100.4	105.7	105.9	103.7
Write down of investment	**2.7**	-	-	-	-
	487.0	491.8	478.0	460.6	426.3
Net income	**82.2**	81.6	70.0	71.9	67.2
Contributions to net income (loss)					
Regulated	**9.0**	2.9	(6.7)	3.3	7.2
Other Energy Activities	**52.5**	53.6	50.3	47.2	40.4
Churchill Falls	**20.8**	25.1	26.4	21.4	19.6
Oil and Gas	**(0.1)**	-	-	-	-
GIPCo	**-**	-	-	-	-
LCDC	**-**	-	-	-	-
FINANCIAL POSITION					
Total current assets	**216.2**	187.5	196.4	181.9	171.6
Total current liabilities	**285.7**	355.3	201.5	469.2	273.6
Net working capital	**(69.5)**	(167.8)	(5.1)	(287.3)	(102.0)
Property, plant and equipment	**2,847.2**	2,764.7	2,684.7	2,632.6	2,600.8
Accumulated depreciation	**984.4**	939.0	893.2	851.0	816.3
Property, plant and equipment, net	**1,862.8**	1,825.7	1,791.5	1,781.6	1,784.5
Oil and gas properties	**112.1**	-	-	-	-
Sinking funds	**163.9**	151.8	117.1	85.8	72.6
Other assets	**124.7**	121.3	127.3	154.8	187.9
Long-term debt	**1,175.7**	1,187.8	1,394.7	1,174.8	1,407.6
Other liabilities	**83.8**	65.4	61.7	53.1	44.5
Shareholder's equity	**934.5**	677.8	574.4	507.0	490.9
STAFFING LEVELS					
Full-time equivalents	**1,185**	1,173	1,147	1,144	1,149

Operating Statistics

Year ended December 31	**2008**	2007	2006	2005	2004
INSTALLED GENERATING CAPACITY (rated MW)					
Churchill Falls	**5,428**	5,428	5,428	5,428	5,428
TWINCo	**225**	225	225	225	225
Hydro - Hydraulic					
Hydraulic	**939**	939	939	939	939
Thermal	**640**	640	640	640	640
Diesel	**56**	56	56	56	57
Menihek[*]	**19**	19	-	-	-
Total	**7,307**	7,307	7,288	7,288	7,289
ELECTRIC ENERGY GENERATED, NET (GWh)					
Churchill Falls	**34,847**	33,254	34,663	33,563	32,800
Hydro					
Hydraulic	**4,771**	4,689	4,802	4,770	4,726
Thermal	**1,071**	1,243	730	1,321	1,642
Diesel	**47**	43	42	43	47
Menihek[*]	**41**	13	-	-	-
Total	**40,777**	39,242	40,237	39,697	39,215
ELECTRIC ENERGY SALES (GWh)					
Churchill Falls Export	**30,007**	28,566	29,835	28,748	28,330
Hydro					
Utility	**4,960**	4,991	4,617	4,664	4,709
Rural	**909**	888	834	859	886
Industrial	**1,124**	1,136	1,145	1,685	1,842
Export	**1,393**	1,489	1,483	1,422	1,456
Menihek[*] Export	**41**	13	-	-	-
TwinCo Industrial	**1,801**	1,678	1,801	1,804	1,469
Total	**40,236**	38,761	39,715	39,182	38,692
AVERAGE RATE (cents per kWh)					
Churchill Falls Export	**0.25**	0.25	0.25	0.25	0.26
Hydro					
Utility	**6.48**	6.50	5.24	5.25	4.99
Rural	**7.02**	6.98	6.13	6.13	5.87
Industrial	**4.04**	4.21	3.71	3.43	3.24
Export	**3.68**	3.61	3.55	3.48	3.41
Menihek[*] Export	**3.19**	2.91	-	-	-
TRANSMISSION LINES (km)					
Churchill Falls					
735 kV	**608**	608	608	608	608
230 kV	**431**	431	431	431	431
Hydro					
230 kV	**1,608**	1,608	1,608	1,608	1,608
138 kV	**1,500**	1,500	1,500	1,500	1,500
69 kV	**634**	634	634	634	589
Menihek[*]					
69 kV	**39**	39	-	-	-
Total	**4,820**	4,820	4,781	4,781	4,736
PEAK DEMAND (MW)					
Churchill Falls	**4,501**	5,575	5,587	5,608	5,645
Hydro System	**1,323**	1,323	1,310	1,361	1,405

[*] *Operations commenced October 1, 2007*

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL

FINANCIAL STATEMENTS

31 MARCH 2009

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Members
Newfoundland and Labrador Arts Council
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Arts Council as at 31 March 2009 and the statements of revenues, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at 31 March 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
14 July 2009

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL
BALANCE SHEET

31 March	2009	2008
ASSETS		
Current		
Cash	$ 72,355	$ 61,852
Short term investments, at cost	254,891	160,000
Accounts receivable (Note 2)	35,664	42,034
Prepaid expenses	2,189	2,723
	365,099	266,609
Trust Account asset (Note 3)	5,767	6,012
Capital asset - lease (Note 4)	11,578	15,235
Arts Fund assets (Note 5)	162,873	156,647
	$ 545,317	$ 444,503
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	$ 125,552	$ 97,926
Obligation under capital lease (Note 7)	3,657	3,657
Deferred revenue (Note 6)	183,460	168,287
	312,669	269,870
Obligation under capital lease (Note 7)	7,921	11,578
Accrued severance pay	40,594	25,277
Trust Account liability (Note 3)	5,767	6,012
	366,951	312,737
Equity		
Surplus (deficit) from operations	15,493	(24,881)
Arts Fund (Note 5)	162,873	156,647
	178,366	131,766
	$ 545,317	$ 444,503

See accompanying notes

Signed on behalf of the Council: Carmelita McGrath Reginald Winsor

Chairperson **Member**

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL
STATEMENT OF REVENUES, EXPENSES AND SURPLUS
For the Year Ended 31 March

	2009		2008
	Actual	Budget	Actual
REVENUES			
Province of Newfoundland and Labrador grants	$ 1,910,828	$ 2,094,288	$ 1,524,411
Projects (Note 8)	278,293	278,793	329,040
Interest	11,368	7,500	6,082
	2,200,489	2,380,581	1,859,533
EXPENSES			
Grants awarded			
Community Arts	58,159	75,000	75,000
Labrador Initiative	143,528	326,988	73,011
Professional Artists Travel Fund grants	36,348	30,000	34,269
Professional Festivals	66,036	125,000	-
Project	531,574	500,000	498,846
Sustaining grants	500,000	500,000	370,000
	1,335,645	1,556,988	1,051,126
Projects (Note 9)	389,150	376,045	384,240
Operating expenses (Note 10)	435,320	447,548	404,375
	2,160,115	2,380,581	1,839,741
Excess of revenues over expenses	40,374	-	19,792
Deficit from operations, beginning of year	(24,881)	(24,881)	(44,673)
Surplus (deficit) from operations, end of year	$ 15,493	$ (24,881)	$ (24,881)

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL
STATEMENT OF CASH FLOWS

For the Year Ended 31 March	2009	2008
Cash flows from operating activities		
Excess of revenues over expenses	**$ 40,374**	$ 19,792
Add non-cash items:		
Amortization expense	**3,657**	3,047
	44,031	22,839
Net change in non-cash working capital items	**(45,188)**	(90,243)
	(1,157)	(67,404)
Increase in accrued severance pay	**15,317**	25,277
	14,160	(42,127)
Cash flows from investing activities		
Decrease (increase) in Trust Account asset - CAPE Fund	**245**	(751)
Capital asset - lease	**-**	(18,282)
Increase in Arts Fund	**(6,226)**	(6,969)
	(5,981)	(26,002)
Cash flows from financing activities		
Obligation under capital lease	**-**	18,282
Interest earned on Arts Fund	**6,226**	6,969
Repayment of obligation under capital lease	**(3,657)**	(3,047)
(Decrease) increase in Trust Account liability - CAPE Fund	**(245)**	751
	2,324	22,955
Increase (decrease) in cash	**10,503**	(45,174)
Cash, beginning of year	**61,852**	107,026
Cash, end of year	**$ 72,355**	$ 61,852

Authority

The Newfoundland and Labrador Arts Council (the Council) operates under the authority of the *Arts Council Act* of the Province of Newfoundland and Labrador. The Council has the responsibility of fostering and promoting the study and enjoyment of and the production of works in the arts. The Council consists of twelve members appointed by the Lieutenant-Governor in Council.

1. Significant accounting policies

These financial statements have been prepared by the Council's management in accordance with Canadian generally accepted accounting principles. The budget disclosed in these financial statements is presented on an accrual basis. Outlined below are the significant accounting policies followed.

(a) Capital assets

Capital assets, consisting of furniture, fixtures and equipment costing $92,851, have been fully amortized. Minor capital asset purchases are charged to operations in the year of acquisition.

(b) Investments

Investments are recorded at cost, which because of their short-term nature approximates market value. Investment income is recorded as earned.

(c) Severance pay

Severance pay is calculated based on years of service and current salary levels. Entitlement to severance pay vests with employees after nine years of continuous service. Accordingly no provision has been made for employees with less than nine years of continuous service. The amount is payable when the employee ceases employment with the Council unless the employee transfers to another entity in the public service, in which case the liability is transferred with the employee to the other entity.

2. Accounts receivable

	2009	2008
Harmonized Sales Tax	**$ 30,664**	$ 30,534
Other	**5,000**	11,500
	$ 35,664	$ 42,034

3. Trust Account

The Trust Account of $5,767 (2008 - $6,012) represents amounts received by the Council from the Alliance of Canadian Cinema, Television and Radio Artists (ACTRA) for the Cultural Assistance Plan for Emergencies (CAPE) Fund which provides funds to local artists in the event of an emergency. The Council administers the trust account on behalf of ACTRA, disbursing funds to local artists who meet the established criteria for emergency assistance.

4. Asset under capital lease

During 2007-08, the Council obtained a photocopier under a five year capital lease. The asset is amortized on a straight-line basis over the life of the lease.

	2009	2008
Asset under capital lease	$ **18,282**	$ 18,282
Less: accumulated amortization	**6,704**	3,047
	$ **11,578**	$ 15,235

5. Arts Fund

The Arts Fund was created pursuant to Section 9 of the *Arts Council Act*. The principal of the Fund is to be kept intact and only the interest earned on the invested principal may be disbursed, at the discretion of the Council, to foster and promote the study, enjoyment and production of works in the arts. This Fund is comprised of monies received from the Consolidated Revenue Fund of the Province of Newfoundland and Labrador and from gifts and bequests received without terms. Interest earned on the Fund is held in trust in the Fund until it is withdrawn. For the year ended 31 March 2009 interest of $6,226 (2008 - $6,969) was earned through investment of the Fund.

The Fund is comprised of monies received from:

	2009	2008
Province of Newfoundland and Labrador	$ **40,000**	$ 40,000
Gifts and bequests as per Section 12(2) of the *Arts Council Act*	**10,352**	10,352
	50,352	50,352
Interest, beginning of year	**106,295**	99,326
Interest earned	**6,226**	6,969
Interest, end of year	**112,521**	106,295
Fund balance	$ **162,873**	$ 156,647

At 31 March 2009, the Fund consists of investments of $162,873. At 31 March 2008, the Fund consisted of investments of $156,647.

6. Deferred revenue

Deferred revenue represents revenue relating to future operating periods. The revenue will be reported in the applicable future period to which it relates.

	2009	2008
Labrador Initiative	**$ 183,460**	$ 126,989
Private Sector Support Project	-	34,050
Visiting Artists' Program	-	7,248
	$ 183,460	$ 168,287

7. Obligation under capital lease

	2009	2008
Obligation under capital lease	**$ 11,578**	$ 15,235
Less: current portion	**3,657**	3,657
	$ 7,921	$ 11,578

Future minimum lease payments under capital lease are:

2010	$ 4,140
2011	4,140
2012	4,140
2013	690
	13,110
Less: interest portion of payments	1,532
	$ 11,578

8. Revenues - Projects

	2009 Actual	2009 Budget	2008 Actual
School Touring Program	$ 96,000	$ 96,000	$ 134,000
Arts Smarts	90,000	90,000	120,457
Visiting Artists' Program	37,248	37,248	33,868
Private Sector Support Project	34,050	34,050	15,950
Winterset Award	13,000	13,000	13,000
Arts awards	5,000	5,000	7,500
HRDC – Summer Career Placement Program	2,495	2,495	3,265
Rhonda Payne Award	500	500	500
Larry Jackson Award	-	500	500
	$ 278,293	$ 278,793	$ 329,040

9. Expenses - Projects

	2009 Actual	2009 Budget	2008 Actual
Arts awards	$ 59,923	$ 60,000	$ 62,200
Arts Smarts	119,917	110,000	120,457
HRDC – Summer Career Placement Program	2,495	2,495	3,265
Larry Jackson Award	-	500	500
Private Sector Support Project	34,050	34,050	15,950
Rhonda Payne Award	500	500	500
School Touring Program	106,508	105,000	134,000
Visiting Artists' Program	52,257	50,000	33,868
Winterset Award	13,000	13,000	13,000
Youth Ventures Award	500	500	500
	$ 389,150	$ 376,045	$ 384,240

10. Operating expenses

	2009 Actual	2009 Budget	2008 Actual
Advertising	$ 4,836	$ 6,000	$ 4,067
Amortization expense	3,657	3,657	3,047
Miscellaneous	6,750	17,247	15,014
Office and postage	11,710	12,044	17,280
Professional services	2,600	3,000	2,600
Project evaluating fees	11,935	12,000	11,760
Salaries and employee benefits	341,718	342,100	303,972
Telephone	5,319	5,500	5,387
Travel and Council meetings	40,121	40,000	41,248
Website	6,674	6,000	-
	$ 435,320	$ 447,548	$ 404,375

11. Related party transaction

The Council leases office space from the Province of Newfoundland and Labrador at an annual rate of $1.

12. Pensions

Council staff are subject to the *Public Service Pensions Act*. Employee contributions are matched by the Council and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Council's share of pension contributions for 2009 was $21,134 (2008 - $16,769).

13. Economic dependence

As a result of the Council's reliance on Provincial funding, the Council's ability to continue viable operations is dependent upon the decisions of the Province.

14. Financial instruments

The Council's financial instruments recognized on the balance sheet consist of cash, short-term investments, accounts receivable, accounts payable and accrued liabilities, and obligation under capital lease. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

15. Income taxes

The Council is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

16. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

Grant Thornton

Financial Statements

Newfoundland and Labrador Centre for Health Information

March 31, 2009

Grant Thornton

Auditors' report

Grant Thornton LLP
187 Kenmount Road
St. John's, NL
A1B 3P9

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www.GrantThornton.ca

To the Directors of the

Newfoundland and Labrador Centre for Health Information

We have audited the statement of financial position of the Newfoundland and Labrador Centre for Health Information at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Centre's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Newfoundland and Labrador Centre for Health Information as at March 31, 2009 and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland and Labrador

June 3, 2009

Chartered Accountants

Newfoundland and Labrador Centre for Health Information

Statements of Operations and Changes in Net Assets

Year Ended March 31

	2009	2008
Revenue		
Government operating grants	**$ 7,164,089**	$ 3,113,694
Canada Health Infoway	**5,660,958**	3,607,828
Research funding	**1,109,024**	589,896
Government project grants	**2,510,358**	1,961,252
Amortization of deferred capital contributions	**88,293**	111,442
Interest income	**145,172**	197,110
	16,677,894	9,581,222
Expenditure		
Advertising	**79,755**	3,690
Consulting fees	**4,959,928**	1,256,202
Data communications	**928,589**	363,155
Depreciation	**207,453**	211,715
Insurance	**32,464**	20,235
Miscellaneous	**21,098**	6,160
Office supplies	**364,964**	149,964
Picture Archiving and Communication System Regional Integrated Health Authority reimbursements	**1,219,684**	3,488,315
Professional fees	**324,076**	104,254
Rent	**291,904**	286,051
Salaries and benefits	**6,275,767**	2,963,559
Software maintenance	**1,103,643**	291,253
Telephone	**114,440**	79,955
Training	**174,834**	58,423
Travel	**356,667**	175,574
	16,455,266	9,458,505
Excess of revenue over expenditure	**$ 222,628**	$ 122,717
Net assets, beginning of year	**$ 922,543**	$ 799,826
Excess of revenue over expenditure	**222,628**	122,717
Net assets, end of year	**$ 1,145,171**	$ 922,543

Newfoundland and Labrador Centre for Health Information

Statement of Financial Position

March 31	2009	2008
Assets		
Current		
Cash and cash equivalents	$ 4,457,193	$ 2,178,397
Receivables (Note 4)	7,383,936	6,396,883
Prepaids	821,544	43,998
Deferred project costs	2,964,562	4,557,401
	15,627,235	13,176,679
Property and equipment (Note 5)	14,419,239	8,619,647
	$ 30,046,474	$ 21,796,326
Liabilities		
Current		
Payables and accruals (Note 6)	$ 4,715,670	$ 3,255,106
Deferred revenue	14,298,576	9,524,440
	19,014,246	12,779,546
Deferred capital contributions (Note 7)	9,306,981	7,673,326
Accrued severance pay	580,076	420,911
	28,901,303	20,873,783
Net Assets		
Net assets	1,145,171	922,543
	$ 30,046,474	$ 21,796,326

Commitments (Note 9)

On behalf of the Board

________________ Director ________________ Director

Newfoundland and Labrador Centre for Health Information

Statement of Cash Flows

Year Ended March 31	2009	2008
Increase (decrease) in cash and cash equivalents		
Operating		
Excess of revenue over expenditure	$ 222,628	$ 122,717
Items not requiring a cash outlay		
Depreciation	207,453	211,715
Amortization of deferred capital contributions	(88,293)	(111,442)
Increase in severance pay accrual	159,165	36,465
	500,953	259,455
Change in non-cash operating working capital (Note 8)	6,062,940	2,855,040
	6,563,893	3,114,495
Financing		
Capital contributions	1,721,948	2,333,111
Investing		
Purchase of capital assets	(6,007,045)	(3,269,209)
Increase in cash and cash equivalents	2,278,796	2,178,397
Cash and cash equivalents		
Beginning of year	2,178,397	-
End of year	$ 4,457,193	$ 2,178,397

Newfoundland and Labrador Centre for Health Information

Notes to the Financial Statements

March 31, 2009

1. Nature of operations

The Newfoundland and Labrador Centre for Health Information (the Centre) was established by the Government of Newfoundland and Labrador in 1996 following the recommendation of the Health System Information Task Force (1995). Through the support of the provincial government and Canada Health Infoway, Inc., the Centre has been recognized for its contribution to the national agenda for development of the Electronic Health Record with the first provincial client registry designed and implemented for the Electronic Health Record. The Centre is also involved with data standards development and dissemination, applied health research and the evaluation of health information systems.

The Newfoundland and Labrador Centre for Health Information Act was proclaimed on April 27, 2007, thereby establishing the Centre as a Corporation without share capital under the Corporations Act. The Centre now acts as an agent of the Crown.

2. Summary of significant accounting policies

These financial statements have been prepared within the framework of Canadian generally accepted accounting principles, the more significant of which are as follows:

Basis of accounting

These financial statements include only the assets, liabilities, revenues and expenditures relating to the operations carried on under the name of Newfoundland and Labrador Centre for Health Information.

Use of estimates

In preparing the Centre's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenditure during the year. Actual results could differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks, and short term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

2. Summary of significant accounting policies (cont'd.)

Revenue recognition

Government grants are recognized in the period in which entitlement arises. Revenue received for a future period is deferred until that future period and is reflected as deferred revenue. Revenue from research and other contracts is recognized as the related expenditures are incurred. Interest income is recognized as it is earned.

Administrative expenditures

The Centre is administered by contractual employees and salaried employees. Administrative expenditures related to the Centre which are paid through the Department of Health and Community Services are not reflected in these statements.

Depreciation

Rates and basis of depreciation applied to write off the cost of property and equipment over their estimated lives are as follows:

Computer equipment	20%, straight line
Office furniture	15%, straight line
Computer software	33%, straight line
Leasehold improvements	10%, straight line
Pharmacy Network	33%, straight line
Unique Personal Identifier	33%, straight line

Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

Capital contributions

Capital contributions are recorded as deferred contributions and are amortized to income on a straight line basis using the same rates as the depreciation expense related to the capital assets purchased.

2. **Summary of significant accounting policies** (cont'd.)

Deferred project costs

Project costs are deferred as incurred until the same period in which the related revenue can be recognized as per the terms of the project contract.

Severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. The right to be paid severance pay vests with employees with nine years of continual service, and accordingly no provision has been made in accounts for employees with less than nine years of continual service. As well, no provision has been made for contractual employees. Severance pay is payable when the employee ceases employment with the Centre.

Pension costs

Employees of the Centre are covered by the Public Service Pension Plan administered by the Government of Newfoundland and Labrador. Contributions to the plan are required from both the employees and the Centre. The annual contributions for pensions are recognized in the accounts on a current basis. Total pension expense for the Centre in the year was $362,750 (2008 – $189,152).

Financial instruments

The CICA Handbook Section 3855, "Financial Instruments - Recognition and Measurement", requires the Organization to revalue all of its financial assets and liabilities at fair value on the initial date of implementation.

This standard also requires the Centre to classify financial assets and liabilities according to their characteristics and management's choices and intentions related thereto for the purposes of ongoing measurements. Classification choices for financial assets include: a) held for trading - measured at fair value with changes in fair value recorded in excess of revenue over expenditure; b) held to maturity – recorded at amortized cost with gains and losses recognized in excess of revenue over expenditure in the period that the asset is no longer recognized or impaired; c) available-for-sale - measured at fair value with changes in fair value recognized in net assets for the current period until realized through disposal or impairment; and d) loans and receivables - recorded at amortized cost with gains and losses recognized in excess of revenue over expenditure in the period that the asset is no longer recognized or impaired.

Classification choices for financial liabilities include: a) held for trading - measured at fair value with changes in fair value recorded in excess of revenue over expenditure and b) other - measured at amortized cost with gains and losses recognized in excess of revenue over expenditure in the period that the liability is no longer recognized.

2. **Summary of significant accounting policies** (cont'd.)

Subsequent measurement for these assets and liabilities are based on either fair value or amortized cost using the effective interest method, depending upon their classification. Any financial asset or liability can be classified as held for trading as long as its fair value is reliably determinable.

In accordance with this standard, the Centre's financial assets and liabilities are generally classified and measured as follows:

Asset/Liability	**Classification**	**Measurement**
Cash and cash equivalents	Held for trading	Fair value
Receivables	Loans and receivables	Amortized cost
Payables and accruals	Other liabilities	Amortized cost

Other balance sheet accounts, such as prepaids, deferred project costs, property and equipment, deferred capital contributions and deferred revenue are not within the scope of these accounting standards as they are not financial instruments.

Embedded derivatives are required to be separated and measured at fair values if certain criteria are met. Under an election permitted by the this standard, management reviewed contracts entered into or modified subsequent to April 1, 2007 and determined that the Centre does not currently have any significant embedded derivatives in its contracts that require separate accounting treatment.

The fair value of a financial instrument is the estimated amount that the Centre would receive or pay to terminate the instrument agreement at the reporting date. To estimate the fair value of each type of financial instrument various market value data and other valuation techniques were used as appropriate. The fair values of cash approximated its carrying value.

Accounting standard adopted during the year

(i) **Financial Instruments – Disclosure – Presentation**

CICA Section 3862 "Financial Instruments – Disclosure" and section 3863 "Financial Instruments - Presentation" replaces CICA Section 3861, "Financial Instruments – Disclosure and Presentation" CICA Section 3862 requires increased disclosures regarding the risks associated with financial instruments such as credit risk, liquidity risk and market risks and the techniques used to identify, monitor and manage these risks.

2. Summary of significant accounting policies (cont'd.)

CICA Section 3863 carries forward standards for presentation of financial instruments and non-financial derivatives and provides additional guidance for the classification of financial instruments, from the perspective of the issuer, between liabilities and equity. These standards are effective for financial statements relating to fiscal years beginning on or after October 1, 2007.

3. Risk management

The Centre's policy for managing significant risks includes a comprehensive infrastructure of policies, procedures and oversight designed to reduce the risks identified to an appropriate threshold. The Board of Directors is provided with timely and relevant reports on the management of significant risks. Significant risks managed by the Centre include liquidity and credit risks.

Liquidity risk

Liquidity risk is the risk that the centre will be unable to meet its contractual obligations and financial liabilities. The Centre manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient cash available to meet its obligations and liabilities.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Centre's credit risk is attributable to receivables. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote.

4. Receivables

	2009	2008
Government of Newfoundland and Labrador	$ 3,080,298	$ 1,328,434
Canada Health Infoway	4,025,702	-
Eastern Health	-	4,253,175
Harmonized sales tax	-	594,785
Other	277,936	220,489
	$ 7,383,936	$ 6,396,883

5. Property and equipment

			2009	2008
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Computer equipment	$ 4,686,960	$ 963,248	**$ 3,723,712**	$ 989,699
Office furniture	400,922	113,792	**287,130**	67,158
Computer software	11,900,224	1,557,372	**10,342,852**	7,562,790
Leasehold improvements	65,545	-	**65,545**	-
Pharmacy network	787,757	787,757	**-**	-
Unique Personal Identifier	3,401,478	3,401,478	**-**	-
	$ 21,242,886	$ 6,823,647	**$ 14,419,239**	$ 8,619,647

During the year, the Centre purchased $6,007,045 of capital assets, however, as of March 31, 2009 no capital funding has been received for $4,909,710 of these assets. Furthermore, $692,583 of unfunded additions remain from prior years. The Centre is in the process of preparing claims to be submitted to Canada Health Infoway with regards to these assets and no amounts have been recorded as accounts receivable as of March 31, 2009.

During the year, the Centre acquired property and equipment totaling $5,578,511 which was not available for use during the year and was not depreciated. Prior year purchases of equipment totaling $800,000 were also not subject to depreciation during the year.

6. Payables and accruals

	2009	2008
Trade and sundry	**$ 4,085,279**	$ 2,933,017
Harmonized sales tax	**58,153**	-
Vacation and compensatory pay	**572,238**	322,089
	$ 4,715,670	$ 3,255,106

7. Deferred capital contributions

	2009	2008
Opening balance	**$ 7,673,326**	$ 5,451,657
Capital contributions from Government	**688,062**	863,861
Capital contribution from Canada Health Infoway	**1,033,886**	1,469,250
Amortization of deferred capital contribution	**(88,293)**	(111,442)
	$ 9,306,981	$ 7,673,326

8. Supplemental cash flow information	2009	2008
Change in non-cash operating working capital		
Receivables	**$ (987,053)**	$ 4,489,989
Prepaids	**(777,546)**	(43,999)
Deferred project costs	**1,592,839**	162,075
Payables and accruals	**1,460,564**	(3,944,140)
Deferred revenue	**4,774,136**	2,191,115
	$ 6,062,940	$ 2,855,040

9. **Commitments**

Under the terms of several long-term contracts related to the rental of office space and equipment rental, the Centre is committed to make the approximate lease payments for the next five years as follows:

2010 - $1,226,461; 2011 - $1,226,461; 2012 - $1,226,461; 2013 - $916,697; and 2014 - $898,511

10. **Comparative figures**

Certain of the comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

NEWFOUNDLAND AND LABRADOR CROP INSURANCE AGENCY

NEWFOUNDLAND AND LABRADOR CROP INSURANCE FUND

FINANCIAL STATEMENTS

MARCH 31, 2009

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Directors
Newfoundland and Labrador Crop Insurance Agency
Corner Brook, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Crop Insurance Agency, Newfoundland and Labrador Crop Insurance Fund as at 31 March 2009 and the statement of revenues, expenses and deficit for the year then ended. These financial statements are the responsibility of the Agency's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Newfoundland and Labrador Crop Insurance Agency, Newfoundland and Labrador Crop Insurance Fund as at 31 March 2009 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
22 May 2009

NEWFOUNDLAND AND LABRADOR CROP INSURANCE AGENCY
NEWFOUNDLAND AND LABRADOR CROP INSURANCE FUND
BALANCE SHEET

31 March	2009	2008
ASSETS		
Current		
Cash	$ 52,356	$ 44,565
Accounts receivable (Note 2)	1,477	5,839
	$ 53,833	$ 50,404
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities (Note 3)	$ 1,400	$ 8,103
Equity		
Contributions – Province of Newfoundland and Labrador	280,000	280,000
Deficit	(227,567)	(237,699)
	52,433	42,301
	$ 53,833	$ 50,404

See accompanying notes

Signed on behalf of the Board: C. MacDonald
Chair

Member

NEWFOUNDLAND AND LABRADOR CROP INSURANCE AGENCY
NEWFOUNDLAND AND LABRADOR CROP INSURANCE FUND
STATEMENT OF REVENUES, EXPENSES AND DEFICIT

For the Year Ended 31 March	2009	2008
REVENUES		
Government of Canada (Note 4)	$ 189,605	$ 160,555
Province of Newfoundland and Labrador (Note 4)	126,402	107,036
Premiums from insured persons	40,032	47,840
Appeal administration fee	-	100
	356,039	315,531
EXPENSES		
Administration (Note 5)		
Bank charges	41	36
Board expenses	2,607	1,330
Computer hardware/software	-	1,595
Equipment supplies	7,310	5,892
Professional services	2,529	2,637
Purchased services	5,815	11,192
Salaries and employee benefits	189,075	141,495
Supplies	16,691	14,862
Transportation and communications	24,988	21,880
	249,056	200,919
Refund appeal fees	100	300
Indemnity claims	96,751	223,789
	345,907	425,008
Excess of revenues over expenses (expenses over revenues)	10,132	(109,477)
Deficit, beginning of year	(237,699)	(128,222)
Deficit, end of year	$ (227,567)	$ (237,699)

Authority

The Newfoundland and Labrador Crop Insurance Agency (the Agency) operates under the authority of the *Crop Insurance Act*. The purpose of the Agency is to operate the Newfoundland and Labrador Crop Insurance Fund which provides insurance to farmers of the Province through restricting the amount of financial loss due to crop failure. Its affairs are managed by a Board of Directors appointed by the Lieutenant-Governor in Council. These statements are a representation of the activities of the Newfoundland and Labrador Crop Insurance Fund.

1. Significant accounting policies

These financial statements have been prepared by the Agency's management in accordance with Canadian generally accepted accounting principles. The Agency does not prepare a statement of cash flows since the changes in cash flows are readily apparent from the other statements.

2. Accounts receivable

	2009	2008
Province of Newfoundland and Labrador	$ 1,477	$ 1,236
Premiums from insured persons	2,140	9,404
	3,617	10,640
Less: allowance for doubtful accounts	2,140	4,801
	$ 1,477	$ 5,839

3. Accounts payable and accrued liabilities

	2009	2008
Province of Newfoundland and Labrador	$ 1,400	$ 8,103

4. Premium contributions and administration expenses

Under an agreement with the Government of Canada, the Province of Newfoundland and Labrador recovers 60% of the total government contribution for premiums and eligible administration expenses.

	2009	2008
Government of Canada		
Premiums contributions	$ 40,171	$ 40,003
Payments for administration	149,434	120,552
	$ 189,605	$ 160,555
Province of Newfoundland and Labrador		
Premiums contributions	$ 26,780	$ 26,669
Payments for administration	99,622	80,367
	$ 126,402	$ 107,036

5. Payments on behalf of the Agency for administration

Agency staff are employees of the Department of Natural Resources. Excluding bank charges, salaries and other costs of $249,015 (2008 - $200,883) applicable to the operation of the Agency have been paid by the Department and are reflected in these financial statements as expenses of the Agency and as revenue in the form of payments made by the Province and the Government of Canada.

6. Economic dependence

As a result of the Agency's reliance on provincial funding to meet its operating costs, the Agency's ability to continue viable operations is dependent upon continued funding from the Province.

7. Financial instruments

The Agency's financial instruments recognized on the balance sheet consist of cash, accounts receivable, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them. Any estimated impairment of accounts receivable has been provided for through an allowance for doubtful accounts and no further credit risk exists in relation to the financial instruments.

8. Income taxes

The Agency is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION

Financial Statements

Year Ended March 31, 2009

Pinsent & Associates

Certified General Accountants
P.O. Box 8411, Station A
St. John's, NL A1B 3N7

Tel: (709) 738-5300
Fax: (709) 738-5301
email: info@pinsent.ca

AUDITORS' REPORT

To the Management of Newfoundland and Labrador Film Development Corporation

We have audited the statement of financial position of Newfoundland and Labrador Film Development Corporation as at March 31, 2009 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Pinsent & Associates
CERTIFIED GENERAL ACCOUNTANTS

St. John's, Newfoundland and Labrador
June 24, 2009

NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION
Statement of Revenues and Expenditures
Year Ended March 31, 2009

	2009	2008
REVENUE		
Government of Newfoundland and Labrador - Department of Tourism, Culture & Recreation	$ **585,000**	$ 550,000
New Media Study Grant - Department of Tourism, Culture & Recreation	-	25,000
Economic Impact Study Grant - Department of Tourism, Culture & Recreation	-	39,145
	585,000	614,145
EXPENDITURES		
Advertising and promotion	**29,360**	26,496
Amortization	**4,990**	7,158
Miscellaneous	**1,491**	2,468
Office	**86,702**	73,922
Printed materials	**919**	2,583
Promotional materials and publications	**10,445**	8,175
Sponsorships	**62,193**	60,240
Professional fees	**8,802**	65,235
Salaries and wages	**316,280**	283,199
Professional development	**13,391**	17,656
Travel	**77,047**	60,974
	611,620	608,106
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES FROM OPERATIONS	**(26,620)**	6,039
OTHER INCOME	**14,566**	3,243
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	$ **(12,054)**	$ 9,282

NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION

Statement of Financial Position

March 31, 2009

	2009	2008
ASSETS		
CURRENT		
Cash	$ **295,768**	$ 745,593
Receivables	**4,419**	14,500
Prepaid expenses	**8,517**	5,676
	308,704	765,769
PROPERTY, PLANT AND EQUIPMENT *(Note 3)*	**9,818**	11,050
	$ **318,522**	$ 776,819
LIABILITIES AND NET ASSETS		
CURRENT		
Payables and accruals	$ **31,780**	$ 29,138
Current portion of obligations under capital lease *(Note 4)*	**375**	2,160
Payables and accruals - Equity Investment Program	**184,138**	601,937
	216,293	633,235
OBLIGATIONS UNDER CAPITAL LEASE *(Note 4)*	**-**	432
	216,293	633,667
NET ASSETS		
Share capital *(Note 5)*	**3**	3
Operations fund	**(11,708)**	346
Equity investment	**113,934**	142,803
	102,229	143,152
	$ **318,522**	$ 776,819

ON BEHALF OF THE BOARD

_______________________ *Director*

Noreen Golfman _______________________ *Director*

NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION

Statement of Changes in Net Assets

Year Ended March 31, 2009

	Operations Fund	Equity Investment	**2009**	2008
NET ASSETS - BEGINNING OF YEAR	$ 346	$ 142,803	**$ 143,149**	$ 83,822
Excess of receipts over commitments (commitments over receipts) - Equity Investment Program (EIP) - Schedule of Receipts and Commitments	-	(28,869)	**(28,869)**	50,045
Deficiency of revenue over expenditures	(12,054)	-	**(12,054)**	9,282
NET ASSETS - END OF YEAR	$ (11,708)	$ 113,934	**$ 102,226**	$ 143,149

NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION

Statement of Cash Flows

Year Ended March 31, 2009

	2009	2008
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	$ (12,054)	$ 9,282
Items not affecting cash:		
Amortization of property, plant and equipment	4,990	7,158
Excess of receipts over commitments (commitments over receipts)	(28,869)	50,045
	(35,933)	66,485
Changes in non-cash working capital:		
Receivables	10,081	2,980
Payables and accruals	2,643	17,629
Deferred income	-	(39,145)
Prepaid expenses	(2,841)	2,666
Payables and accruals - Equity Investment Program	(417,799)	(288,686)
	(407,916)	(304,556)
Cash flow used by operating activities	(443,849)	(238,071)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,759)	-
Deferred charges	-	139
Cash flow from (used by) investing activities	(3,759)	139
FINANCING ACTIVITY		
Repayment of obligations under capital lease	(2,217)	(2,160)
Cash flow used by financing activity	(2,217)	(2,160)
DECREASE IN CASH FLOW	(449,825)	(240,092)
Cash - beginning of year	745,593	985,685
CASH - END OF YEAR	$ 295,768	$ 745,593
CASH CONSISTS OF:		
Cash	$ 295,768	$ 745,593

1. DESCRIPTION OF BUSINESS

The Corporation is incorporated under the Newfoundland and Labrador Business Corporations Act. Its primary purpose is to promote the development of, and to stimulate employment and investment in, the Provincial film and video industry by providing financial and other assistance.

The Corporation has been designated by the Province's Finance Minister to administer the Newfoundland and Labrador Film Tax Credit Program, including registration of productions, review of tax credit applications and recommendations to the Department of Finance.

The Corporation is exempt from paying income taxes under Section 149 of the Canadian Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated amortization. Property, plant and equipment are amortized over their estimated useful lives using the following rates and methods:

Computer equipment	45%	declining balance method
Furniture and fixtures	20%	declining balance method

The corporation regularly reviews its property, plant and equipment to eliminate obsolete items.

Property, plant and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

3. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	**2009 Net book value**	2008 Net book value
Computer equipment	$ 44,660	$ 37,492	$ **7,168**	$ 7,737
Furniture and fixtures	17,445	14,795	**2,650**	3,313
	$ 62,105	$ 52,287	$ **9,818**	$ 11,050

4. OBLIGATIONS UNDER CAPITAL LEASE

	2009	2008
CIT Financial Services - Lease repayable in 36 monthly installments of $188.	$ 375	$ 2,592
Amounts payable within one year	(375)	(2,160)
	$ -	$ 432

Future minimum capital lease payments are approximately:

Total minimum lease payments	$ 375

5. SHARE CAPITAL

Authorized:
600 Common voting shares of no par value

	2009	2008
Issued:		
600 Common shares	$ 3	$ 3

6. PROFESSIONAL FEES

Professional fees consists of the following:

	2009	2008
Economic impact study	$ -	$ 32,566
New media study	3,602	21,398
Professional Services	5,200	11,271
	$ 8,802	$ 65,235

7. EQUITY INVESTMENTS

Production assistance in the form of equity investment is provided to eligible producers for the financing of productions that will provide employment and economic benefits to Newfoundland and Labrador. Equity investments are made with the condition of repayment through participation in revenue generated by projects. Revenue is recorded as recoupment as received.

Based on the Corporation's low recoupment rate, an allowance has been set up to write-off the cumulative equity investment, net of recoupment.

	2009	2008
Equity Investment	$ 12,831,911	$ 10,703,854
Allowance against Equity Investment	(12,628,601)	(10,653,270)
Recoupment - Equity Investment	(203,310)	(50,584)
	$ -	$ -

8. PROJECT DEVELOPMENT LOANS

The Corporation provides loans to qualified applicants to support the process of film and video development that takes an idea through the stages of research, writing, market analysis and budget development. This work must precede the completion of production financing arrangements. Support for the development of a project does not necessarily imply support for a production.

Project development loans are interest free and are to be repaid on the earlier of the first day of principal photography or on the optioning, sale, or transfer of the property to a third party.

An allowance has been set up to write-off the cumulative amount of these development loans.

	2009	2008
Development Loans	$ 2,259,147	$ 2,019,700
Allowance against development loans	(2,259,147)	(2,019,700)
	$ -	$ -

9. COMMITMENTS

The Corporation entered into a three-year rental agreement with Imperial House Inc. commencing June 1, 2006. The monthly lease commitment is $2,200. Subsequent to the expiry in June 2009 the lease was renewed.

Because of the lead times required to obtain all the resources necessary to complete film and video productions the corporation approves applications for funding which will, on occasion, result in program disbursements in subsequent fiscal periods, pending availability of funds.

As at March 31, 2009, the Corporation was contractually committed to advance funds totaling $1,182,257 from the Equity Investment Program as investments and loans in respect of current and future projects subject to the availability of funds in subsequent years and other terms and conditions outlined in the funding agreements.

	2009
Best Boy Productions Inc. - A Little Problem with Murder (Phase III)	$ 14,149
HD Productions Inc. - The Horse	132,000
Henge Production and Consulting Ltd. - Where's My Goat?	103,490
MF Productions Inc. - Mickey's Farm	182,000
Morag Loves Company Limited - The Trotsky	175,000
Morag Loves Company Limited - Forget It	93,985
Movie Star Productions - Grown Up Movie Star	225,000
Moxy Productions & Lingo Creative - Just Himself: A Portrait of Don Jamieson	16,633
The Skinny Dip Inc. - The Skinny Dip (Series)	240,000
	$ 1,182,257

10. ECONOMIC DEPENDENCE

The Corporation is economically dependant on the Provincial government for annual funding.

11. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

12. FINANCIAL INSTRUMENTS

Fair Value

The corporation reports carrying value of cash and cash equivalents, accounts receivable, and accounts payable which approximates its fair value due to the immediate or short term maturity of these instruments.

NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION

Schedule of Receipts and Commitments - Equity Investment Program *(Schedule 1)*

Year Ended March 31, 2009

	2009	2008
Receipts		
Province of Newfoundland and Labrador Funding	$ 1,750,000	$ 1,999,025
Recoupment	152,726	1,196
Interest Earned	12,688	42,222
Subtotal	1,915,414	2,042,443
Funding which has lapsed		
Morag Loves Terminal Machines Inc. - Terminal Machines	-	6,170
The Giggle Factory Inc. - George Street TV - Season 5	-	22,600
Legends Productions, Inc. - Legends & Lore (Season II)	-	94,008
Dark Flowers Productions Inc. - Atlantic Blue	-	465,000
Fire Crown Productions Inc. - Poets Blazing the Land	6,600	-
	1,922,014	2,630,221
Current year commitments		
Augusta Productions Inc. - Ferron: Girl on a Road	-	11,964
Away Films Inc. - Ten Days	8,800	13,200
Away Films Inc. - Blood Stains	-	18,150
Best Boy Productions Inc. - A Little Problem with Murder (Phase II)	6,217	-
Best Boy Productions Inc. - Gamblers Never Dire	5,208	-
Best Boy Productions Inc. - A Little Problem with Murder (Phase III)	5,000	-
Best Boy Productions Inc. - The Innu and Big Land	-	3,864
Blue Pinion Films Inc. - Sweet Pickle	16,990	-
Edge of the Earth Productions Inc. - The Wessex Connection	12,700	-
Elemental Pictures Inc. - Quiet at Dawn	20,151	-
Factory Lane Productions Inc. - Restoration Race	4,158	-
Factory Lane Productions Inc. - Shaun`s Green Dream	3,630	-
Fire Crown Productions Inc. - Poets Blazing the Land	-	6,600
Fire Crown Productions Inc. - Sights Before Christmas	-	6,270
Fire Crown Productions Inc. - Sights Before Christmas (Phase II)	4,950	-
From Here Productions Inc. - The House I Grew Up In	-	7,100
From Here Productions Inc. - Weigh In	11,400	-
Futuristic Films Ltd. - Screamers 2	250,000	335,000
Get Set Films Inc. - Little Summer Forever	4,000	-
Get Set Films Inc. - Man of A Thousand Songs	60,000	-
HD Productions Inc. - The Horse	132,000	-
Henge Productions and Consulting Ltd. - Cranky	13,035	-
Henge Productions and Consulting Ltd. - Where`s My Goat?	12,262	-
Kickham East Productions Inc. - Crackie	212,000	-
Kickham East Productions Inc. - Dry Swallow	10,585	-
Kickham East Productions Inc. - Friendship (Phase II) 2 Girlfriends	-	11,550
Kickham East Productions Inc. - Gros Morne	-	7,830
Media Connections Inc. - People Who Stay	-	7,425
Media Connections Inc. - The Real Matriarch	19,700	-
MF Productions Inc. - Mickey`s Farm	182,000	-
Morag Loves Company Limited - Karma Chameleon	11,759	-
Morag Loves Love and Savagery Inc. - Love and Savagery	475,000	525,000
Morag Loves Company Limited - Marg The Movie	22,146	-
Morag Loves Company Limited - Not so Rowdy Anymore	10,000	-

Morag Loves Company Limited - Rickey Newman	-	14,250
Morag Loves Company Limited - Surfing in Newfoundland	-	8,522
Morag Loves Company Limited - Terminal Machines	-	83,004
Morag Loves Moebius Corp. - Moebius Redux	-	7,500
More Life Films Inc. - Rorschach Cith	-	15,936
Newfound Films - Heartless Disappearance into Labrador Seas	**5,940**	-
Newfound Films Inc. - The King Hunt (Phase II)	**10,000**	-
Newfound Films Inc. - Three Dogs Barking	**2,500**	-
Newfound Films Inc. - Down to the Dirt	-	72,390
Old Sock Films Inc. - Mum's the Word	**13,824**	-
Opportunity Knox Inc. - Grown Up Movie Star (Phase II)	-	9,700
Pangur Ban Productions Inc. - Africa: Cradle and Grave	-	6,000
Pearl Productions Inc. - Colony of Unrequited Dreams	**11,400**	-
Pearl Productions Inc. - Perfect day	-	5,000
Pearl Productions Inc. - The Magnificent Mollie McBride	-	16,211
Pierre Films Ltd. - Doyle Inc.	-	14,000
Pope Productions Inc. - Daggers Point	-	11,885
Pope Productions Inc. - Diverted	-	250,000
Pope Productions Inc. - Gossip	-	400,000
Pope Productions Inc. - Kicker (Phase II)	-	12,079
Pope Productions Inc. - Newfoundland Beatdown	-	8,962
Pope Productions Inc. - Sea Jacked	-	11,885
Pope Productions Inc. - The Wall	-	50,000
Pope Productions Inc. - Fortune Harbour	**9,900**	-
Pope Productions Inc. - To Have and to Hold	**17,452**	-
Republic of Doyle Pilot Productions Inc. - Republic of Doyle	**254,661**	-
Rink Rat Productions Inc. - Don't Ask	**6,392**	-
Rink Rat Productions Inc. - Figgy Duff Reunion	**15,065**	-
Rink Rat Productions Inc. - Maudie (Phase II)	**11,824**	-
Rink Rat Productions Inc. - Risk	**10,064**	-
Rink Rat Productions Inc. - Motion show	-	7,582
Rock Island Productions Inc. - An Audience of Chairs	-	9,230
Rock Island Productions Inc. - An Audience of Chairs Phase II	**5,347**	20,423
Springwater Productions Inc. - Breaking Ground III	**33,450**	-
Springwater Productions Inc. - In For a Penny - Reflections on Confederation with Canada	**7,593**	-
Springwater Productions Inc. - Breaking Ground - Season 2	-	28,797
Streely Maid Films Ltd. - A Fine Catch	-	24,420
Streely Maid Films Ltd. - The Songwriter - Diamonds in a Bucket	-	6,000
Take Hold Films Inc. - Exit Zero	**4,950**	-
The Skinny Dip Inc. - The Skinny Dip	-	101,710
Tooton Films Inc. - Tooton's: A History of Photography in Newfoundland	**16,830**	-
Wall Productions Inc. - The Wall	-	300,000
What Do They Do In There Inc. - What Do They Do In There	-	130,737
	1,950,883	2,580,176
Excess of receipts over commitments (commitments over receipts)	**(28,869)**	50,045
Opening Balance	**142,803**	92,758
Closing Balance - Uncommitted funds	**113,934**	142,803

NEWFOUNDLAND AND LABRADOR GOVERNMENT SINKING FUND

FINANCIAL STATEMENTS

31 MARCH 2008

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Trustees
Newfoundland and Labrador Government Sinking Fund
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Government Sinking Fund as at 31 March 2008 and the statements of statutory contributions, retained earnings, revenues and expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at 31 March 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
6 February 2009

NEWFOUNDLAND AND LABRADOR GOVERNMENT SINKING FUND
BALANCE SHEET

31 March	**2008**	**2007**
	(000's)	(000's)
ASSETS		
Current		
Cash	**$ 155**	$ 90
Term deposits and short-term investments, at cost	**107,352**	65,931
Interest and other receivables		
Province of Newfoundland and Labrador - guaranteed	**9,213**	11,459
Other	**1,569**	3,797
	118,289	81,277
Investments, at amortized cost (Schedule 1)		
Cost	**522,011**	772,483
Accumulated amortization of discounts and premiums	**86,960**	92,678
	608,971	865,161
	$ 727,260	$ 946,438
LIABILITIES AND SINKING FUND EQUITY		
Current		
Accounts payable and accrued liabilities	**$ 10**	$ 12
Due to Province of Newfoundland and Labrador	**421**	14
	431	26
Sinking fund equity		
Statutory contributions (Statement 2)	**408,558**	496,829
Retained earnings (Statement 3)	**318,271**	449,583
	726,829	946,412
	$ 727,260	$ 946,438

See accompanying notes

Signed on behalf of the Board: ______________ **Chairperson** ______________ **Member**

NEWFOUNDLAND AND LABRADOR GOVERNMENT SINKING FUND

STATEMENT OF STATUTORY CONTRIBUTIONS

For the Year Ended 31 March	2008	2007
	(000's)	(000's)
Balance, beginning of year	**$ 496,829**	$ 454,350
Statutory contributions for the year	**41,515**	44,348
	538,344	498,698
Statutory contributions applicable to matured/redeemed debentures	**(108,827)**	-
Foreign currency translation adjustment (Note 5)	**(20,959)**	(1,869)
Balance, end of year	**$ 408,558**	$ 496,829

NEWFOUNDLAND AND LABRADOR GOVERNMENT SINKING FUND
STATEMENT OF RETAINED EARNINGS

For the Year Ended 31 March	2008	2007
	(000's)	(000's)
Balance, beginning of year	**$ 449,583**	$ 394,730
Excess of revenues over expenses	**31,381**	55,409
	480,964	450,139
Retained earnings applicable to matured/redeemed debentures	**(159,339)**	-
Foreign currency translation adjustment (Note 5)	**(3,354)**	(556)
Balance, end of year	**$ 318,271**	$ 449,583

NEWFOUNDLAND AND LABRADOR GOVERNMENT SINKING FUND

STATEMENT OF REVENUES AND EXPENSES

For the Year Ended 31 March	2008	2007
	(000's)	(000's)
REVENUES		
Interest income		
Debentures	$ 34,576	$ 45,209
Term deposits and short-term investments	4,689	1,541
Other	95	17
	39,360	46,767
Foreign currency translation gains and losses (Note 5)	(17,602)	(850)
Amortization of discounts and premiums	10,676	9,734
	32,434	55,651
EXPENSES		
Loss on redemption/sales	831	-
Salaries and benefits	119	125
General	103	117
	1,053	242
Excess of revenues over expenses	$ 31,381	$ 55,409

NEWFOUNDLAND AND LABRADOR GOVERNMENT SINKING FUND

STATEMENT OF CASH FLOWS

For the Year Ended 31 March	2008	2007
	(000's)	(000's)
Cash flows from operating activities		
Excess of revenues over expenses	$ 31,381	$ 55,409
Adjustment for non-cash items		
Amortization of discounts and premiums	(10,676)	(9,734)
Foreign currency translation gains and losses (Note 5)	17,602	850
Loss on redemption/sales	831	-
	39,138	46,525
Change in non-cash working capital	4,879	(653)
	44,017	45,872
Cash flows from financing activities		
Statutory contributions	41,515	44,348
	41,515	44,348
Cash flows from investing activities		
Purchase of investments	(53,708)	(43,210)
Proceeds from redemption and sale of investments	241,230	6,549
Payments to redemption bank accounts	(221,061)	-
Payments of excess to Province upon maturing debentures	(2,980)	-
	(36,519)	(36,661)
Net increase in cash and cash equivalents	49,013	53,559
Effect of foreign currency translation adjustment (Note 5)	(7,527)	208
Cash and cash equivalents, beginning of year	66,021	12,254
Cash and cash equivalents, end of year	$ 107,507	$ 66,021
Cash and cash equivalents include:		
Cash	$ 155	$ 90
Term deposits and short-term investments	107,352	65,931
	$ 107,507	$ 66,021

NEWFOUNDLAND AND LABRADOR GOVERNMENT SINKING FUND
SCHEDULE OF INVESTMENTS

31 March	2008		2007	
	Face Value or Par (000's)	**Amortized Cost (000's)**	Face Value or Par (000's)	Amortized Cost (000's)
Canadian				
Province of Newfoundland and Labrador - guaranteed				
Province of Newfoundland and Labrador	**$ 128,769**	**$ 137,094**	$ 186,946	$ 196,964
Newfoundland and Labrador Municipal Financing Corporation	**24,790**	**24,787**	50,773	50,787
Coupons and residuals	**290,228**	**158,310**	324,612	181,204
	443,787	**320,191**	562,331	428,955
Other securities	**54,008**	**55,526**	83,087	85,302
Other coupons and residuals	**48,207**	**32,749**	58,567	40,863
	546,002	**408,466**	703,985	555,120
U.S.				
Province of Newfoundland and Labrador - guaranteed				
Province of Newfoundland and Labrador	**122,298**	**139,708**	155,534	176,411
Other securities	**44,977**	**52,951**	114,767	124,271
Other coupons and residuals	**14,543**	**7,846**	17,512	9,359
	181,818	**200,505**	287,813	310,041
Total investments	**$ 727,820**	**$ 608,971**	$ 991,798	$ 865,161

Authority

The Province of Newfoundland and Labrador issues debentures, most of which have sinking fund requirements. For debentures which have sinking fund requirements, the Province makes the required sinking fund payments (statutory contributions) to the Board of Trustees of the Newfoundland and Labrador Government Sinking Fund. This is an unincorporated body formed under the *Financial Administration Act*. All members of the Board are full-time employees of the Province and are appointed by the Lieutenant-Governor in Council.

1. Basis of accounting

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Outlined below are the significant policies followed.

(a) Cash and cash equivalents

Cash and cash equivalents include balances with banks, and term deposits and short-term investments with original maturities of three months or less.

(b) Investment transactions

(i) Purchases: Investments are initially recorded at cost.

(ii) Amortization: Discounts and premiums are amortized on a straight-line basis from the date of purchase until maturity.

(iii) Sales: Sales of investments are at a negotiated selling price. Sales are recorded at the proceeds less the investment's average amortized cost, with any resulting gain or loss also recorded.

(iv) Redemptions: On occasion, investments held in the Fund will be called for redemption by the issuer. In such instances, a gain is recorded equal to the redemption proceeds less the investment's average amortized cost.

1. Basis of accounting (cont.)

(c) Maturity of a Province of Newfoundland and Labrador debenture issue for which a sinking fund has been provided.

(i) General

Provision is made for redemption at debenture maturity by investing statutory contributions in interest bearing securities and other investments. Both the contributions and the interest are used to pay debenture holders when debentures mature.

A record is maintained of statutory contributions received on account of each issue and of income allocated to each issue (retained earnings). The dollar total of an issue's statutory contributions and allocated income is called its Sinking Fund Value.

At maturity, statutory contributions are reduced by the total amount of statutory contributions received over the life of the issue. Retained earnings are reduced by the excess of the debenture's Sinking Fund Value over statutory contributions received.

(ii) Cash flow

At maturity, cash is paid into a redemption bank account in an amount equal to the lesser of the total face value of the issue or the Sinking Fund Value of the issue, less the face value of the issue held in the Fund's investments. If the issue's Sinking Fund Value exceeds the total face value, the excess is paid to the Consolidated Revenue Fund of the Province of Newfoundland and Labrador. If the issue's Sinking Fund Value is less than the total face value, the difference is paid into the redemption bank account by the Province.

(d) Cancellation of Province of Newfoundland and Labrador debentures held by the Sinking Fund upon related sinking fund debentures becoming fully funded

When the value of a sinking fund for a debenture issue equates to the outstanding principal amount of that issue, the Sinking Fund will return to the Province for cancellation any debentures of that issue held by the Sinking Fund. The cancellation of sinking fund assets results in a corresponding reduction in sinking fund equity. Interest income continues to be allocated to the sinking fund until maturity of the related debenture issue and is returned to the Province annually.

(e) Interest income

Interest income is recorded on an accrual basis.

1. Basis of accounting (cont.)

(f) Foreign currency translation

Assets, liabilities, revenues and expenses denominated in U.S. currency are translated as follows:

(i) assets and liabilities are translated at the rate of exchange in effect at the balance sheet date; and

(ii) revenues and expenses are translated at the rate of exchange in effect on the dates on which such items are recognized in income during the year, or an average of such.

Net sinking fund assets of $726,829,000 Canadian at 31 March 2008 includes $224,658,000 U.S. translated to $230,612,000 Canadian.

Net sinking fund assets of $946,412,000 Canadian at 31 March 2007 includes $291,292,000 U.S. translated to $336,325,000 Canadian.

2. Accounting policy change

In prior financial reporting periods, the financial statements of the Newfoundland and Labrador Government Sinking Fund were not prepared in accordance with Canadian generally accepted accounting principles because the impact of foreign currency translation adjustments arising from the translation of U.S. denominated investments was not recognized in income during the year. Translation gains and losses resulting due to currency fluctuations were included in retained earnings rather than amortized into income as it was not the intention of the Sinking Fund that these investments, which are held in US funds, would ever be converted into Canadian dollars.

Beginning on 1 April 2007, the Sinking Fund changed its accounting policies and recognized its foreign currency translation gains and losses, by amortizing them on a straight-line basis over the remaining life of the issue's sinking fund. For purposes of these statements and for comparability, the prior year results have been restated to show the impact of amortizing these gains or losses in the period.

The impact of these changes to the financial statements was to reduce the excess of revenues over expenses on the Statement of Revenues and Expenses by $17,602,000 (2007 - $850,000) due to the recognition of the foreign currency translation gains/losses.

3. Related party transactions

The Newfoundland and Labrador Government Sinking Fund and the Province absorb all of the operating costs, with the exception of banking and custodial fees, of the Newfoundland and Labrador Municipal Financing Corporation Sinking Fund, which is administered by the same Board as the Newfoundland and Labrador Government Sinking Fund.

4. Cancellation of debt issue 5R

During 2007-08 the value of the sinking fund for the Province of Newfoundland and Labrador issue 5R 9.375% debentures due 25 February 2010 became equal to the outstanding principal amount of the issue ($100 million). At that time, the sinking fund held $44,125,000 in debentures of that issue and these debentures were returned to the Province and cancelled. As a result of this sinking fund becoming fully funded, in accordance with the terms and conditions of the debentures, the Province is no longer required to make an annual sinking fund contribution relating to this debenture. This transaction is reflected in these financial statements through a reduction in investments and a reduction in sinking fund equity in the amount of $44,125,000. It is not reflected in the statement of cash flows because it did not have an impact on cash and cash equivalents.

5. Effect of foreign currency translation

At 31 March 2008, the fund held $608,971,000 (2007 - $865,161,000) in investments as shown in Schedule 1. These investments include $200,505,000 in U.S. investments (2007 - $310,041,000).

The fund assets, liabilities, statutory contributions and retained earnings denominated in U.S. currency are translated at the rate of exchange in effect at the balance sheet date. The Fund's revenues and expenses are translated at the rate of exchange in effect on the dates on which such items are recognized in income during the year, or an average of such. It is not the intention of the Fund that its U.S. assets will be converted into Canadian dollars.

In 2007 and 2008, translation of the U.S. assets at year end resulted in a net foreign exchange loss due to a decline in the value of the U.S. dollar. Any gains or losses resulting from foreign currency translations will not become realized until such time that U.S. assets should ever actually be converted to Canadian dollars.

	2008	2007
The effect of the translation is as follows:		
Statutory contributions have been reduced by	**$ 20,959,000**	$ 1,869,000
Retained earnings have been reduced by	**3,354,000**	556,000
Income has been reduced by	**17,602,000**	850,000
Total impact of foreign currency translation	**41,915,000**	3,275,000
The effect of this amount on the Fund Assets is as follows:		
Investments have been reduced by	**34,388,000**	3,483,000
Cash and cash equivalents have been reduced (increased) by	**$ 7,527,000**	$ (208,000)

5. Effect of foreign currency translation (cont.)

The $7,527,000 is reflected in the Statement of Cash Flows because of its impact on the Fund's cash flow position. However, the other transactions did not impact on the Fund's cash flow position and are, therefore, not reflected in the Statement of Cash Flows.

6. Financial instruments

The Newfoundland and Labrador Government Sinking Fund's short-term financial instruments recognized on the balance sheet consist of cash, term deposits and short-term investments, interest and other receivables, accounts payable and accrued liabilities and due to Province of Newfoundland and Labrador. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

The Fund holds short-term investments with a cost of $107,352,000 (2007 - $65,931,000). The cost approximates the face value as these investments are made in term deposits and guaranteed bonds with maturity occurring within 3 months or less after the initial investment. Therefore, their reported value is fair value to the Fund and there is no rate risk associated with these investments.

The Fund holds long-term investments which have an amortized cost of $608,971,000 (2007 - $865,161,000). The face value of these investments is $727,820,000 (2007 - $991,798,000). The policy and intention of the Board is to hold these long-term investments to maturity. Therefore, their reported value is current fair value to the Fund and there is no rate risk associated with these investments.

7. Income taxes

The Newfoundland and Labrador Government Sinking Fund is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

NEWFOUNDLAND AND LABRADOR GOVERNMENT SINKING FUND

FINANCIAL STATEMENTS

31 MARCH 2009

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Trustees
Newfoundland and Labrador Government Sinking Fund
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Government Sinking Fund as at 31 March 2009 and the statements of statutory contributions, retained earnings, revenues and expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at 31 March 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
16 June 2009

STATEMENT 1

NEWFOUNDLAND AND LABRADOR GOVERNMENT SINKING FUND

BALANCE SHEET

31 March	2009	2008
	(000's)	(000's)
ASSETS		
Current		
Cash	$ 32,346	$ 155
Term deposits and short-term investments, at cost	-	107,352
Interest and other receivables		
Province of Newfoundland and Labrador - guaranteed	10,497	9,213
Other	2,918	1,569
	45,761	118,289
Investments, at amortized cost (Schedule 1)		
Cost	736,167	522,011
Accumulated amortization of discounts and premiums	94,951	86,960
	831,118	608,971
	$ 876,879	$ 727,260
LIABILITIES AND SINKING FUND EQUITY		
Current		
Accounts payable and accrued liabilities	$ 11	$ 10
Due to Province of Newfoundland and Labrador	347	421
	358	431
Sinking fund equity		
Statutory contributions (Statement 2)	489,231	408,558
Retained earnings (Statement 3)	387,290	318,271
	876,521	726,829
	$ 876,879	$ 727,260

Signed on behalf of the Board: ______________________ **Chairperson**　　L Hay ______________________ **Member**

STATEMENT 2

NEWFOUNDLAND AND LABRADOR GOVERNMENT SINKING FUND
STATEMENT OF STATUTORY CONTRIBUTIONS

For the Year Ended 31 March	2009	2008
	(000's)	(000's)
Balance, beginning of year	**$ 408,558**	$ 496,829
Statutory contributions for the year	**52,967**	41,515
	461,525	538,344
Statutory contributions applicable to matured/redeemed debentures	-	(108,827)
Foreign currency translation adjustment (Note 3)	**27,706**	(20,959)
Balance, end of year	**$ 489,231**	$ 408,558

NEWFOUNDLAND AND LABRADOR GOVERNMENT SINKING FUND

STATEMENT OF RETAINED EARNINGS

For the Year Ended 31 March	2009	2008
	(000's)	(000's)
Balance, beginning of year	**$ 318,271**	**$ 449,583**
Excess of revenues over expenses	**49,643**	31,381
	367,914	480,964
Retained earnings applicable to matured/redeemed debentures	**(3,227)**	(159,339)
Foreign currency translation adjustment (Note 3)	**22,603**	(3,354)
Balance, end of year	**$ 387,290**	**$ 318,271**

STATEMENT 4

NEWFOUNDLAND AND LABRADOR GOVERNMENT SINKING FUND
STATEMENT OF REVENUES AND EXPENSES
For the Year Ended 31 March

	2009	2008
	(000's)	(000's)
REVENUES		
Interest income		
Debentures	$ 33,524	$ 34,576
Term deposits and short-term investments	1,987	4,689
Other	211	95
	35,722	39,360
Foreign currency translation gains (losses) (Note 3)	4,260	(17,602)
Amortization of discounts and premiums	9,902	10,676
	49,884	32,434
EXPENSES		
Loss on redemption/sales	-	831
Salaries and benefits	138	119
General	103	103
	241	1,053
Excess of revenues over expenses	$ 49,643	$ 31,381

STATEMENT 5

NEWFOUNDLAND AND LABRADOR GOVERNMENT SINKING FUND

STATEMENT OF CASH FLOWS

For the Year Ended 31 March	2009	2008
	(000's)	(000's)
Cash flows from operating activities		
Excess of revenues over expenses	$ 49,643	$ 31,381
Adjustment for non-cash items		
Amortization of discounts and premiums	(9,902)	(10,676)
Foreign currency translation (gains) losses (Note 3)	(4,260)	17,602
Loss on redemption/sales	-	831
	35,481	39,138
Change in non-cash working capital	(2,706)	4,879
	32,775	44,017
Cash flows from financing activities		
Statutory contributions	52,967	41,515
	52,967	41,515
Cash flows from investing activities		
Purchase of investments	(166,625)	(53,708)
Proceeds from redemption and sale of investments	-	241,230
Payments to redemption bank accounts	-	(221,061)
Payments of excess to Province upon maturing debentures	(3,227)	(2,980)
	(169,852)	(36,519)
Net (decrease) increase in cash and cash equivalents	(84,110)	49,013
Effect of foreign currency translation adjustment (Note 3)	8,949	(7,527)
Cash and cash equivalents, beginning of year	107,507	66,021
Cash and cash equivalents, end of year	$ 32,346	$ 107,507
Cash and cash equivalents include:		
Cash	$ 32,346	$ 155
Term deposits and short-term investments	-	107,352
	$ 32,346	$ 107,507

SCHEDULE 1

NEWFOUNDLAND AND LABRADOR GOVERNMENT SINKING FUND
SCHEDULE OF INVESTMENTS

31 March	2009		2008	
	Face Value or Par (000's)	**Amortized Cost (000's)**	Face Value or Par (000's)	Amortized Cost (000's)
Canadian				
Province of Newfoundland and Labrador - guaranteed				
Province of Newfoundland and Labrador	**$ 146,544**	**$ 156,896**	$ 128,769	$ 137,094
Newfoundland and Labrador Municipal Financing Corporation	**24,790**	**24,785**	24,790	24,787
Newfoundland and Labrador Hydro	**20,999**	**24,993**	-	-
Coupons and residuals	**322,890**	**181,668**	290,228	158,310
	515,223	**388,342**	443,787	320,191
Other securities	**94,806**	**95,933**	54,008	55,526
Other coupons and residuals	**71,314**	**44,171**	48,207	32,749
	681,343	**528,446**	546,002	408,466
U.S.				
Province of Newfoundland and Labrador - guaranteed				
Province of Newfoundland and Labrador	**152,864**	**173,377**	122,298	139,708
Other securities	**97,027**	**118,639**	44,977	52,951
Other coupons and residuals	**18,506**	**10,656**	14,543	7,846
	268,397	**302,672**	181,818	200,505
Total investments	**$ 949,740**	**$ 831,118**	$ 727,820	$ 608,971

Authority

The Province of Newfoundland and Labrador issues debentures, most of which have sinking fund requirements. For debentures which have sinking fund requirements, the Province makes the required sinking fund payments (statutory contributions) to the Board of Trustees of the Newfoundland and Labrador Government Sinking Fund. This is an unincorporated body formed under the *Financial Administration Act.* All members of the Board are full-time employees of the Province and are appointed by the Lieutenant-Governor in Council.

1. Basis of accounting

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Outlined below are the significant policies followed.

(a) Cash and cash equivalents

Cash and cash equivalents include balances with banks, and term deposits and short-term investments with original maturities of three months or less.

(b) Investment transactions

(i)	Purchases:	Investments are initially recorded at cost.
(ii)	Amortization:	Discounts and premiums are amortized on a straight-line basis from the date of purchase until maturity.
(iii)	Sales:	Sales of investments are at a negotiated selling price. Sales are recorded at the proceeds less the investment's average amortized cost, with any resulting gain or loss also recorded.
(iv)	Redemptions:	On occasion, investments held in the Fund will be called for redemption by the issuer. In such instances, a gain is recorded equal to the redemption proceeds less the investment's average amortized cost.

1. Basis of accounting (cont.)

(c) Maturity of a Province of Newfoundland and Labrador debenture issue for which a sinking fund has been provided

(i) General

Provision is made for redemption at debenture maturity by investing statutory contributions in interest bearing securities and other investments. Both the contributions and the interest are used to pay debenture holders when debentures mature.

A record is maintained of statutory contributions received on account of each issue and of income allocated to each issue (retained earnings). The dollar total of an issue's statutory contributions and allocated income is called its Sinking Fund Value.

At maturity, statutory contributions are reduced by the total amount of statutory contributions received over the life of the issue. Retained earnings are reduced by the excess of the debenture's Sinking Fund Value over statutory contributions received.

(ii) Cash flow

At maturity, cash is paid into a redemption bank account in an amount equal to the lesser of the total face value of the issue or the Sinking Fund Value of the issue, less the face value of the issue held in the Fund's investments. If the issue's Sinking Fund Value exceeds the total face value, the excess is paid to the Consolidated Revenue Fund of the Province of Newfoundland and Labrador. If the issue's Sinking Fund Value is less than the total face value, the difference is paid into the redemption bank account by the Province.

(d) Cancellation of Province of Newfoundland and Labrador debentures held by the Sinking Fund upon related sinking fund debentures becoming fully funded

When the value of a sinking fund for a debenture issue equates to the outstanding principal amount of that issue, the Sinking Fund will return to the Province for cancellation any debentures of that issue held by the Sinking Fund. The cancellation of sinking fund assets results in a corresponding reduction in sinking fund equity. Interest income continues to be allocated to the sinking fund until maturity of the related debenture issue and is returned to the Province annually.

(e) Interest income

Interest income is recorded on an accrual basis.

(f) Foreign currency translation

Assets, liabilities, revenues and expenses denominated in U.S. currency are translated as follows:

(i) assets and liabilities are translated at the rate of exchange in effect at the balance sheet date; and

1. Basis of accounting (cont.)

(f) Foreign currency translation (cont.)

(ii) revenues and expenses are translated at the rate of exchange in effect on the dates on which such items are recognized in income during the year, or an average of such.

Gains and losses resulting from foreign currency translation are amortized on a straight-line basis over the remaining life of each issue's sinking fund.

2. Related party transactions

The Newfoundland and Labrador Government Sinking Fund and the Province absorb all of the operating costs, with the exception of banking and custodial fees, of the Newfoundland and Labrador Municipal Financing Corporation Sinking Fund, which is administered by the same Board as the Newfoundland and Labrador Government Sinking Fund.

3. Effect of foreign currency translation

At 31 March 2009, the Fund held $831,118,000 (2008 - $608,971,000) in investments as shown in Schedule 1. These investments include $302,672,000 in U.S. investments (2008 - $200,505,000).

The Fund assets, liabilities, statutory contributions and retained earnings denominated in U.S. currency are translated at the rate of exchange in effect at the balance sheet date. The Fund's revenues and expenses are translated at the rate of exchange in effect on the dates on which such items are recognized in income during the year, or an average of such. It is not the intention of the Fund that its U.S. assets will be converted into Canadian dollars.

In 2009, the translation of U.S. assets at year end resulted in a net foreign exchange gain due to a rise in the value of the U.S. dollar. In 2008, the translation of U.S. assets at year end resulted in a net foreign exchange loss due to a decline in the value of the U.S. dollar. Any gains or losses resulting from foreign currency translations will not become realized until such time that U.S. assets should ever actually be converted to Canadian dollars.

	2009 (000's)	2008 (000's)
The effect of the translation is as follows:		
Statutory contributions have been increased (decreased) by	$ 27,706	$ (20,959)
Retained earnings have been increased (decreased) by	22,603	(3,354)
Excess of revenues over expenses has been increased (decreased) by	4,260	(17,602)
Total impact of foreign currency translation	54,569	(41,915)
The effect of this amount on the Fund Assets is as follows:		
Investments have been increased (decreased) by	45,620	(34,388)
Cash and cash equivalents have been increased (decreased) by	$ 8,949	$ (7,527)

3. Effect of foreign currency translation (cont.)

The increase of $8,949,000 (2008 – decrease of $7,527,000) is reflected in the Statement of Cash Flows because of its impact on the Fund's cash flow position. However, the other transactions did not impact on the Fund's cash flow position and are, therefore, not reflected in the Statement of Cash Flows.

4. Financial instruments

The Newfoundland and Labrador Government Sinking Fund's short-term financial instruments recognized on the balance sheet consist of cash, term deposits and short-term investments, interest and other receivables, accounts payable and accrued liabilities, and due to Province of Newfoundland and Labrador. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

The Fund usually holds short-term investments in addition to the long-term investments. However, in 2009, the Fund held no short-term investments (2008 - $107,352,000) due to weakness in the rates available in the market. The cost approximates the face value as these investments are made in term deposits and guaranteed bonds with maturity occurring within 3 months or less after the initial investment. Therefore, their reported value is fair value to the Fund and there is no rate risk associated with these investments.

The Fund holds long-term investments which have an amortized cost of $831,118,000 (2008 - $608,971,000). The face value of these investments is $949,740,000 (2008 - $727,820,000). The policy and intention of the Board is to hold these long-term investments to maturity. Therefore, their reported value is current fair value to the Fund and there is no rate risk associated with these investments.

5. Income taxes

The Newfoundland and Labrador Government Sinking Fund is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

FINANCIAL STATEMENTS

31 MARCH 2009

1. Basis of accounting (cont.)

(c) Maturity of a Province of Newfoundland and Labrador debenture issue for which a sinking fund has been provided

(i) General

Provision is made for redemption at debenture maturity by investing statutory contributions in interest bearing securities and other investments. Both the contributions and the interest are used to pay debenture holders when debentures mature.

A record is maintained of statutory contributions received on account of each issue and of income allocated to each issue (retained earnings). The dollar total of an issue's statutory contributions and allocated income is called its Sinking Fund Value.

At maturity, statutory contributions are reduced by the total amount of statutory contributions received over the life of the issue. Retained earnings are reduced by the excess of the debenture's Sinking Fund Value over statutory contributions received.

(ii) Cash flow

At maturity, cash is paid into a redemption bank account in an amount equal to the lesser of the total face value of the issue or the Sinking Fund Value of the issue, less the face value of the issue held in the Fund's investments. If the issue's Sinking Fund Value exceeds the total face value, the excess is paid to the Consolidated Revenue Fund of the Province of Newfoundland and Labrador. If the issue's Sinking Fund Value is less than the total face value, the difference is paid into the redemption bank account by the Province.

(d) Cancellation of Province of Newfoundland and Labrador debentures held by the Sinking Fund upon related sinking fund debentures becoming fully funded

When the value of a sinking fund for a debenture issue equates to the outstanding principal amount of that issue, the Sinking Fund will return to the Province for cancellation any debentures of that issue held by the Sinking Fund. The cancellation of sinking fund assets results in a corresponding reduction in sinking fund equity. Interest income continues to be allocated to the sinking fund until maturity of the related debenture issue and is returned to the Province annually.

(e) Interest income

Interest income is recorded on an accrual basis.

(f) Foreign currency translation

Assets, liabilities, revenues and expenses denominated in U.S. currency are translated as follows:

(i) assets and liabilities are translated at the rate of exchange in effect at the balance sheet date; and

1. Basis of accounting (cont.)

(f) Foreign currency translation (cont.)

(ii) revenues and expenses are translated at the rate of exchange in effect on the dates on which such items are recognized in income during the year, or an average of such.

Gains and losses resulting from foreign currency translation are amortized on a straight-line basis over the remaining life of each issue's sinking fund.

2. Related party transactions

The Newfoundland and Labrador Government Sinking Fund and the Province absorb all of the operating costs, with the exception of banking and custodial fees, of the Newfoundland and Labrador Municipal Financing Corporation Sinking Fund, which is administered by the same Board as the Newfoundland and Labrador Government Sinking Fund.

3. Effect of foreign currency translation

At 31 March 2009, the Fund held $831,118,000 (2008 - $608,971,000) in investments as shown in Schedule 1. These investments include $302,672,000 in U.S. investments (2008 - $200,505,000).

The Fund assets, liabilities, statutory contributions and retained earnings denominated in U.S. currency are translated at the rate of exchange in effect at the balance sheet date. The Fund's revenues and expenses are translated at the rate of exchange in effect on the dates on which such items are recognized in income during the year, or an average of such. It is not the intention of the Fund that its U.S. assets will be converted into Canadian dollars.

In 2009, the translation of U.S. assets at year end resulted in a net foreign exchange gain due to a rise in the value of the U.S. dollar. In 2008, the translation of U.S. assets at year end resulted in a net foreign exchange loss due to a decline in the value of the U.S. dollar. Any gains or losses resulting from foreign currency translations will not become realized until such time that U.S. assets should ever actually be converted to Canadian dollars.

		2009 (000's)		**2008 (000's)**
The effect of the translation is as follows:				
Statutory contributions have been increased (decreased) by	$	27,706	$	(20,959)
Retained earnings have been increased (decreased) by		22,603		(3,354)
Excess of revenues over expenses has been increased (decreased) by		4,260		(17,602)
Total impact of foreign currency translation		54,569		(41,915)
The effect of this amount on the Fund Assets is as follows:				
Investments have been increased (decreased) by		45,620		(34,388)
Cash and cash equivalents have been increased (decreased) by	$	8,949	$	(7,527)

3. Effect of foreign currency translation (cont.)

The increase of $8,949,000 (2008 – decrease of $7,527,000) is reflected in the Statement of Cash Flows because of its impact on the Fund's cash flow position. However, the other transactions did not impact on the Fund's cash flow position and are, therefore, not reflected in the Statement of Cash Flows.

4. Financial instruments

The Newfoundland and Labrador Government Sinking Fund's short-term financial instruments recognized on the balance sheet consist of cash, term deposits and short-term investments, interest and other receivables, accounts payable and accrued liabilities, and due to Province of Newfoundland and Labrador. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

The Fund usually holds short-term investments in addition to the long-term investments. However, in 2009, the Fund held no short-term investments (2008 - $107,352,000) due to weakness in the rates available in the market. The cost approximates the face value as these investments are made in term deposits and guaranteed bonds with maturity occurring within 3 months or less after the initial investment. Therefore, their reported value is fair value to the Fund and there is no rate risk associated with these investments.

The Fund holds long-term investments which have an amortized cost of $831,118,000 (2008 - $608,971,000). The face value of these investments is $949,740,000 (2008 - $727,820,000). The policy and intention of the Board is to hold these long-term investments to maturity. Therefore, their reported value is current fair value to the Fund and there is no rate risk associated with these investments.

5. Income taxes

The Newfoundland and Labrador Government Sinking Fund is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

FINANCIAL STATEMENTS

31 MARCH 2009

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Chairperson and Members
Newfoundland and Labrador Housing Corporation
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Housing Corporation as at 31 March 2009 and the statements of revenues, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
10 July 2009

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
BALANCE SHEET
31 March

	2009	2008
	(000's)	(000's)
ASSETS		
Cash	$ 40,633	$ 21,622
Accounts receivable (Note 3)	5,346	2,717
Due from the Province of Newfoundland and Labrador - Labrador Housing Programs (Note 4)	3,341	4,221
Inventory and prepaid expenses (Note 5)	3,418	3,468
Mortgages and loans receivable (Note 6)	13,390	16,943
Receivable from municipalities re: land transfers (Note 7)	1,504	1,635
Land assemblies (Note 8)	7,321	9,331
Rental properties (Note 9)	193,614	201,793
Capital assets (Note 10)	9,070	8,026
	$ 277,637	$ 269,756
LIABILITIES AND EQUITY		
Accounts payable and accrued liabilities	$ 12,021	$ 10,630
Deferred revenue (Note 11)	24,263	14,364
Group health and life insurance retirement benefits (Note 12)	13,343	11,972
Capital replacement fund (Note 13)	6,668	7,195
Mortgage insurance fund (Note 14)	3,252	3,252
Mortgages, debentures and similar indebtedness (Note 15)	24,374	25,445
CMHC investment in cost-shared programs (Note 16)	117,578	125,299
	201,499	198,157
Equity		
Contributed capital - Province of Newfoundland and Labrador (Note 17)	62,861	62,861
Surplus	13,277	8,738
	76,138	71,599
	$ 277,637	$ 269,756

Contingent liabilities (Note 18)

Commitments (Note 19)

See accompanying notes

Signed on behalf of the Board:

Chairperson

Rhonda Neary
Member

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
STATEMENT OF REVENUES, EXPENSES AND SURPLUS
For the Year Ended 31 March

	2009	2008
	(000's)	(000's)
REVENUES		
CMHC (Note 21)	$ 59,345	$ 59,089
Province of Newfoundland and Labrador operating grant	35,668	28,460
Rent	18,662	18,343
Interest	6,439	6,325
Land assemblies sales	6,818	1,194
Gain on sale of rental properties	481	94
Profit from land sales by municipalities	395	843
Other income	355	627
Gains on mortgages, loans and repossessions	30	7
	128,193	114,982
EXPENSES		
Administrative expenses (Note 22)	20,469	18,314
CMHC share of interest revenue	1,060	585
Community based housing operating subsidies	9,834	9,807
Grants to homeowners	20,930	11,921
Interest expense	2,390	2,289
Land assemblies costs (Note 8)	2,395	30
Mortgage subsidies	850	1,204
Rental properties expenses (Note 23)	61,359	57,086
Rental properties written off	5	84
Rent supplement subsidies	4,362	3,939
	123,654	105,259
Excess of revenues over expenses	4,539	9,723
Surplus (deficit), beginning of year	8,738	(985)
Surplus, end of year	$ 13,277	$ 8,738

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
STATEMENT OF CASH FLOWS
For the Year Ended 31 March

	2009	2008
	(000's)	(000's)
Cash flows from operating activities:		
Excess of revenues over expenses	$ 4,539	$ 9,723
Add (deduct) non-cash items:		
Mortgage subsidies	850	1,204
Gains on mortgages, loans and repossessions	(30)	(7)
Amortization of rental properties (Note 23)	6,983	6,832
Amortization of community based housing	831	755
Amortization of Labrador Housing Programs	1,050	823
Write-off of rental properties	5	84
Gain on sale of rental properties	(481)	(94)
Amortization of capital assets	1,070	820
CMHC portion of non-cash items	2,803	552
Group health and life insurance retirement benefits (Note 12)	1,371	932
	18,991	21,624
Net change in other operating items	(1,188)	1,962
	17,803	23,586
Cash flows from investing activities:		
Decrease in receivable from municipalities re: land transfers	131	332
Decrease (increase) in land assemblies	2,010	(586)
Advances of mortgages and loans	(1,663)	(1,709)
Principal recoveries of mortgages and loans	4,396	4,825
Proceeds from sale of rental properties	1,115	519
Investment in capital assets	(2,114)	(1,655)
Investment in rental properties	(274)	(104)
Labrador Housing Programs	(170)	(3)
	3,431	1,619
Cash flows from financing activities:		
Increase in deferred revenue	9,899	13,443
Decrease in capital replacement fund	(527)	(191)
Repayments of mortgages, debentures, and similar indebtedness	(1,071)	(4,118)
Repayments of CMHC investment in cost-shared programs	(10,524)	(9,169)
	(2,223)	(35)
Increase in cash	19,011	25,170
Cash, beginning of year	21,622	(3,548)
Cash, end of year	$ 40,633	$ 21,622

Authority

The Newfoundland and Labrador Housing Corporation (the Corporation) operates under authority of the *Housing Corporation Act*. The purpose of the Corporation is to provide cost-effective housing and related programs for the benefit of the residents of the Province with priority given to those most in need. Its affairs are governed by a Board of Directors appointed by the Lieutenant-Governor in Council.

1. Significant accounting policies

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Mortgages and loans receivable

An allowance for mortgages and loans impairment is estimated based on the value of accounts referred to a collection agency and the accounts with reported arrears balances. The security and source of funding for the accounts that are in arrears are considered in this estimation.

(b) Repossessed units

Repossessed units are valued at the lower of cost and net realizable value based on appraised values and the estimated recovery of cost through social housing rental programs.

(c) Land assemblies

Land assemblies are valued at the lower of cost and net realizable value. Items capitalized as the cost of land assemblies include land acquisition costs, development costs, interest and other related carrying charges.

Land assembly sales are recognized as earned. A portion of the sales revenue is deferred to cover future anticipated costs relative to the land sold. The percentage of revenue deferred is equal to the percentage of cost to complete on a project by project basis.

(d) Rental properties

Rental properties are valued at the lower of cost less accumulated amortization and net recoverable amount. Items capitalized as the cost of a project include land acquisition costs, development and construction costs, interest and other related carrying charges. In instances where properties have been transferred from Government departments, costs have been recorded at $1. Amortization is calculated using the methods described below based on the expected useful lives of all assets as follows:

1. **Significant accounting policies (cont.)**

(d) Rental properties (cont.)

Non-profit housing	
- Capital cost	Sinking fund, 25-50 years
- Renovation costs	Sinking fund, 15 years
Market housing	
- Capital cost	2% declining balance
- Renovation costs	Straight line, 15 years

(e) Capital assets

All capital assets are capitalized at cost at the time of acquisition. Amortization is calculated using the methods described below based on the expected useful lives of all assets as follows:

Office buildings	2% declining balance
Furniture and office equipment	Straight line, 10 years
Computer hardware and software	Straight line, 4 years
Vehicles	Straight line, 5 years

(f) Capital contributions

Capital contributions are recorded as deferred revenue until the capital construction is complete. Once the capital construction is complete the capital contributions are recorded as a revenue.

(g) Severance pay

Severance pay is calculated based on years of service and current salary levels. Entitlement to severance pay vests with employees after nine years of continuous service. The amount is payable when employees cease employment with the Corporation unless an employee transfers to another entity in the public service, in which case the liability is transferred with that employee to the other entity.

(h) Revenue recognition

Interest income is accounted for on the accrual basis for all mortgages and loans other than the impaired portion of mortgages and loans. Recognition of interest in accordance with the terms of the original loan agreement ceases when a loan becomes impaired. A loan is classified as impaired when, in the opinion of management, there is reasonable doubt as to the ultimate collectability of a portion of principal or interest. The impaired portion of loans may revert to accrual status only when principal and interest payments have become fully current again, at which time any interest will be recognized in that fiscal year.

1. Significant accounting policies (cont.)

(h) Revenue recognition (cont.)

Revenue received for a future period is deferred until that future period and is reflected as deferred revenue.

(i) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the year.

(j) Financial instruments

The Corporation's financial instruments consist of cash, accounts receivable, due from the Province of Newfoundland and Labrador – Labrador Housing Programs, mortgages and loans receivable, receivable from municipalities re: land transfers, accounts payable and accrued liabilities, group health and life insurance retirement benefits, and mortgages, debentures and similar indebtedness. These financial instruments are accounted for as follows:

Held-for-trading

The Corporation has designated cash as held-for-trading and is measured at fair value.

Loans and receivable

The Corporation has classified the following financial assets as loans and receivables: accounts receivable, due from the Province of Newfoundland and Labrador – Labrador Housing Programs, mortgages and loans receivable, and receivable from municipalities re: land transfers. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Gains and losses arising from changes in fair value are recognized in net income upon de-recognition or impairment. Given the short-term nature of accounts receivable, due from the Province of Newfoundland and Labrador – Labrador Housing Programs, and receivables from municipalities re: land transfers, their carrying value equate their current fair value. The current fair value of mortgages and loans receivable is set out in Note 6.

(j) Financial instruments (cont.)

Other financial liabilities

The Corporation has classified the following financial liabilities as other financial liabilities: accounts payable and accrued liabilities, group health and life insurance retirement benefits, and mortgages, debentures and similar indebtedness. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

Other financial liabilities are subsequently measured at their amortized cost, using the effective interest method. Gains and losses arising from changes in fair value are recognized in net income upon de-recognition or impairment. Given the short-term nature of accounts payable and accrued liabilities, their carrying value equate their current fair value. The carrying value of the Corporation's group health and life insurance retirement benefits is based on actuarial valuations adjusted over time for the effect of changes in assumptions and approximates its fair value. The current fair value of mortgages, debentures and similar indebtedness is set out in Note 15.

2. Change in accounting policy

On 1 April 2008, the Corporation adopted prospectively the Canadian Institute of Chartered Accountants' new recommendations for the recognition and measurement of financial instruments, and amendments to the existing presentation and disclosure standards. The new recommendations establish standards for recognizing and measuring financial assets, financial liabilities and derivatives. Financial instruments are defined as a contractual right to either receive or deliver cash or another financial instrument to another party.

The Corporation now recognizes its financial assets and liabilities as described above. Upon adoption, the Corporation re-measured its held-for-trading financial assets at their fair value, and its loans and receivables and other liabilities at their amortized cost. This change did not have an impact on the carrying value of any of these items.

3. Accounts receivable

	2009 **(000's)**	2008 (000's)
CMHC	**$ 2,690**	$ 155
HST	**1,369**	1,005
Land assemblies	**389**	914
Rents	**224**	167
Other	**802**	595
	5,474	2,836
Less: allowance for doubtful accounts	**128**	119
	$ 5,346	$ 2,717

4. Due from the Province of Newfoundland and Labrador - Labrador Housing Programs

In March 2000, the Province directed the Corporation to fund the renovation of existing dwellings and construction of new dwellings in Northern Coastal Labrador. In March 2002, the Province directed the Corporation to fund the construction of a personal care home in Mary's Harbour.

Under these initiatives, title to these dwellings is held by the homeowners with the Province repaying the renovation and construction costs over a 15 year period. As at 31 March 2009 the amount due from the Province was $3,341,000 (2008 - $4,221,000).

These projects are being amortized at $1,050,000 annually.

5. Inventory and prepaid expenses

	2009 **(000's)**	2008 (000's)
Inventory	**$ 322**	$ 411
Prepaid expenses	**3,096**	3,057
	$ 3,418	$ 3,468

6. Mortgages and loans receivable

	2009 **(000's)**	2008 (000's)
Provincial Home Repair Program	**$ 6,201**	$ 6,533
Residential Rehabilitation Assistance Program loans	**3,985**	5,429
Subsidized mortgages to homeowners	**3,366**	5,244
Other mortgages and loans	**1,562**	1,743
	15,114	18,949
Less: allowance for impaired accounts	**1,724**	2,006
	$ 13,390	$ 16,943

The allowance for impaired mortgages and loans relates primarily to the Residential Rehabilitation Assistance Program loans portfolio.

7. Receivable from municipalities re: land transfers

In September 1998, the Province directed the Corporation to enter into agreements with municipalities to transfer its banked and developed industrial and commercial land. The agreements will transfer these lands to the municipalities under a mortgage arrangement and provide for a share of future land sales revenue to the Corporation.

The receivable is valued at the lower of the carrying value of the land at the date of transfer and the Corporation's share of the net realizable value of the land as outlined in the agreement. The estimated net realizable value is determined using management's best estimates of future sales. Management recognizes that changes in future conditions, such as market demand, assumed in making these estimates are not predictable. Consequently, adjustments to the carrying value of the receivable from municipalities re: land transfers are possible depending on the impact of any changes and management's best estimate of them.

As of 31 March 2009, twenty-one agreements have been completed for the transfer of lands to municipalities at a carrying value of $1,504,000 (2008 - $1,635,000).

8. Land assemblies

	2009 **(000's)**	2008 (000's)
Land assemblies, beginning of year	**$ 9,331**	$ 8,745
Cost incurred during the year:		
Land acquisition and development	**281**	328
Interest, capitalized	**104**	288
	9,716	9,361
Less: cost of earned sales recognized during year	**2,395**	30
Land assemblies, end of year	**$ 7,321**	$ 9,331

In September 1998, the Province directed the Corporation to divest of the majority of its land holdings. Land assemblies are valued at the lower of cost and net realizable value. The estimated net realizable value is determined using management's best estimates of future sales and costs. Management recognizes that changes in future conditions, such as market demand, assumed in making these estimates, are not predictable. Consequently, material adjustments to the carrying value of the asset are possible depending upon the impact of any changes and management's best estimate of them.

9. Rental properties

	2009			2008
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
	(000's)	**(000's)**	**(000's)**	(000's)
Non-profit housing				
- Capital cost	**$ 253,813**	**$ 66,433**	**$ 187,380**	$ 195,113
- Renovation costs	**4,981**	**2,880**	**2,101**	2,601
Market housing				
- Capital cost	**6,484**	**2,772**	**3,712**	3,850
Affordable Housing Trust				
- Construction costs	**295**	**-**	**295**	103
Leased land	**126**	**-**	**126**	126
	$ 265,699	**$ 72,085**	**$ 193,614**	$ 201,793

10. Capital assets

	2009			2008
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
	(000's)	**(000's)**	**(000's)**	(000's)
Land	**$ -**	**$ -**	**$ -**	$ 90
Office buildings - capital cost	**7,732**	**2,791**	**4,941**	5,042
- construction	**1,651**	**-**	**1,651**	221
Furniture and office equipment	**167**	**91**	**76**	39
Computer hardware and software	**3,402**	**1,800**	**1,602**	1,978
Vehicles	**2,178**	**1,378**	**800**	656
	$ 15,130	**$ 6,060**	**$ 9,070**	$ 8,026

In 2009 land was reclassified to office buildings – construction.

11. Deferred revenue

	2009 (000's)	2008 (000's)
Affordable Housing Trust	**$ 14,005**	$ 6,470
CMHC Affordable Housing Program	**8,185**	5,441
Capital cost - office building	**1,300**	1,300
CMHC Social Housing Agreement	**406**	302
Rentals	**367**	851
	$ 24,263	$ 14,364

Deferred revenue rentals consists of rental payments received by the Corporation in advance of the due dates.

Deferred revenue Affordable Housing Trust (AHT) relates to the unearned balance of the AHT Federal Government funding.

Deferred revenue CMHC Affordable Housing Program (AHP) relates to the unearned balance of the AHP funds from CMHC.

Deferred revenue CMHC Social Housing Agreement relates to the unearned revenue from the devolution agreement with CMHC.

Deferred revenue capital cost - office building relates to funding received for the construction of an office/maintenance building.

12. Group health and life insurance retirement benefits

All retired employees of the Corporation are eligible to participate in the group insurance plans. Under the plans, the Corporation pays 50% of the total premium charged towards the benefits of both active employees and retirees for life insurance and health benefits. As at 31 March 2009, the plans provided benefits to 155 retirees (2008 - 167 retirees).

The actuarial valuation prepared by the Corporation's actuary was based on a number of assumptions about future events including an interest rate of 6%, health care cost trends, wage and salary increases, termination rates, plan participation rates, utilization rates and mortality. The assumptions used reflect the Corporation's best estimates of expected long-term rates and short-term forecasts.

12. Group health and life insurance retirement benefits (cont.)

Group health and life insurance retirement benefits liability

Details of the group health and life insurance retirement benefits liability are outlined in the table below:

	Estimated Accrued Benefit Obligation	**Unamortized Experience Gains (Losses)**	**Net Liability 2009**	Net Liability 2008	Change
	(000's)	**(000's)**	**(000's)**	(000's)	(000's)
Group health retirement benefits	**$ 15,037**	**$ (3,186)**	**$ 11,851**	$ 10,565	$ 1,286
Group life insurance retirement benefits	**1,433**	**59**	**1,492**	1,407	85
	$ 16,470	**$ (3,127)**	**$ 13,343**	$ 11,972	$ 1,371

There are no fund assets associated with these plans.

Group health and life insurance retirement benefits expense

In these financial statements group health and life insurance retirement benefits costs have been determined as the cost of benefits accrued during the period. Interest on the liability has been accrued for the same period.

The change in the liability for the current period is comprised of the following amounts:

	Corporation's Share of Current Period Costs	**Interest Expense on the Liability**	**Corporation's Current Period Contributions**	**Current Period Amortization of Experience Changes**	**Change**
	(000's)	**(000's)**	**(000's)**	**(000's)**	**(000's)**
Group health retirement benefits	$ 316	$ 850	$ (230)	$ 350	$ 1,286
Group life insurance retirement benefits	20	81	(11)	(5)	85
	$ 336	$ 931	$ (241)	$ 345	$ 1,371

12. Group health and life insurance retirement benefits (cont.)

Experience gains or losses

Experience gains or losses are amortized over the estimated average remaining service life of active participants. The amortization amount will be included with retirement costs in the financial statements commencing in the year subsequent to the year in which the experience gain or loss arose.

The unamortized experience loss at 31 March 2009 resulted from an increase in health premium rates charged by the insurance provider.

13. Capital replacement fund

In accordance with program guidelines for non-profit and urban native housing projects, sponsor groups are required to set aside funds for the replacement of major capital items. The funds are held on behalf of the project sponsors and are released as eligible capital replacement expenditures are incurred.

Transactions relating to the capital replacement fund during the year are as follows:

	2009 **(000's)**	2008 (000's)
Balance, beginning of year	**$ 7,195**	$ 7,386
Capital replacement expenditures	**(527)**	(191)
Balance, end of year	**$ 6,668**	$ 7,195

14. Mortgage insurance fund

Upon signing the Canada - Newfoundland Social Housing Agreement (see Note 21), the Corporation assumed liability for all losses and costs that may be incurred in respect of a portfolio of loans that are owned and were previously insured by Canada Mortgage and Housing Corporation (CMHC). In return, CMHC provided the Corporation with a $3,000,000 mortgage insurance fund as protection against future losses. Losses on loans are deducted from the fund, while interest earnings were added to the fund until 1 April 2003. The Corporation ceased accruing interest as of 1 April 2003.

	2009 **(000's)**	2008 (000's)
Balance, beginning of year	**$ 3,252**	$ 3,252
Gains (losses) for the year	**-**	-
Balance, end of year	**$ 3,252**	$ 3,252

14. Mortgage insurance fund (cont.)

The fund covers a portfolio of Federal loans totalling $158,933,062. The majority of these loans relate to either Social Housing projects that receive significant Federal/Provincial annual operating subsidies or nursing home accommodations with Provincial Government guarantees. While an independent actuarial valuation of the fund has not been carried out, the fund is considered adequate by the Corporation's management.

15. Mortgages, debentures and similar indebtedness

	2009	2008
	(000's)	(000's)
With fixed terms of repayment		
CMHC fixed rate term debentures, at an interest rate of 4.12% repayable in blended annual installments of $2,093,539, with final due dates ranging from March 2022 to January 2030	**$ 24,374**	$ 25,445

Principal repayments for the next five years on the $24,374,000 of debt with fixed terms of repayment are as follows:

	(000's)
2010	$ 1,119
2011	$ 1,165
2012	$ 1,218
2013	$ 1,268
2014	$ 1,316

16. CMHC investment in cost-shared programs

	2009	2008
	(000's)	(000's)
Non-profit rental housing	**$ 87,018**	$ 88,159
Rural and native housing	**27,916**	33,157
Home repair assistance	**2,644**	3,983
	$ 117,578	$ 125,299

The principal and interest payments required to amortize CMHC's investment in non-profit rental housing and rural and native housing is funded entirely through the annual Federal grant paid by CMHC, pursuant to the Canada - Newfoundland Social Housing Agreement signed in April 1997 (see Note 21).

Repayment of CMHC's investment in the home repair assistance programs has no fixed term and is dependant upon future repayments of principal and interest on mortgages and loans.

17. Contributed capital - Province of Newfoundland and Labrador

Contributed capital represents accumulated capital advances of $62,861,000 made to the Corporation by the Province. These advances are utilized by the Corporation to develop housing projects, land assemblies and related programs for the benefit of the residents of the Province.

18. Contingent liabilities

(a) Claims

Claims have been filed against the Corporation for:

(i) General damages related to the enforcement of a Sales and Development Agreement for a shopping mall complex.

(ii) $100,000 relating to funds withheld from a contractor for deficiencies on houses constructed. This claim was filed by the contractor against both the Corporation (the mortgagee) and the homeowners of the houses.

(iii) Special damages related to an alleged breach of contract and/or negligence relating to the sale of an apartment and commercial complex property.

The above claims have not progressed far enough to enable the formation of a definite opinion as to their outcome. Therefore, the likelihood and the amount of loss to the Corporation is not determinable at this time.

(b) Environmental issues

Possible environmental liabilities exist for the following:

(i) In 1996, the Corporation learned that possible environmental liabilities exist with respect to potential large quantities of fuel left in abandoned fuel storage facilities in the Stephenville area. The Corporation has removed some of the underground tanks and fuel lines and has undertaken some further study. To date, expenditures related to this work have totalled $2,600,000. As well, based on the studies completed to date, further remediation is estimated to cost $10,000,000.

(ii) In 1998, the Corporation learned that possible environmental liabilities exist with respect to environmental contaminants including hydrocarbons and various heavy metals in the soil and groundwater on 20 hectares of the total 102 hectares in the Paradise area. Title to this site had been transferred to the Town of Paradise during 1998-99 as part of the Corporation's land divestiture program; however, the Corporation will be liable for any costs that must be incurred to clean up the site. Information received from a study completed in January 2000 indicates that the estimated costs of undertaking site remediation based on the information to date is in the order of $6,000,000.

18. Contingent liabilities (cont.)

(b) Environmental issues (cont.)

(iii) In 1999, the Corporation learned of possible environmental liabilities relating to 17 underground fuel tanks in its St. John's properties located at Buckmaster's Circle. As a result of an environmental study conducted in 2000, the cost of environmental remediation related to this property is estimated at $1,000,000. To date, expenditures related to this work have totalled $317,000. All 17 tanks have been removed and remediation has been completed on 7 of the 17 sites.

(iv) In 2005, the Corporation learned of possible environmental liabilities relating to underground fuel tanks in its St. John's properties located on Cashin Avenue, Froude Avenue, Empire Avenue and Hoyles Avenue. The cost of environmental remediation is estimated at $1,400,000. It is currently estimated that there are 21 underground fuel tanks at these properties. To date, expenditures related to this work have totalled approximately $100,000. Removal and remediation has been completed on 8 of the 21 estimated sites.

(v) In 2009, the Corporation learned of possible environmental liabilities relating to 7 underground fuel tanks in its St. John's properties located at Pleasantville. The cost of environmental remediation is estimated at $400,000.

(vi) In 2009, the Corporation learned of possible environmental liabilities relating to electrical transformers containing polychlorinated biphenyls (PCBs) located around its St. John's properties at Chalker Place. The cost of environmental remediation is estimated at $200,000.

The Corporation's ability to remediate these sites is dependent upon funding from the Province of Newfoundland and Labrador.

19. Commitments

The Corporation has commitments totalling $15,884,661 comprised of uncompleted purchase and construction contracts at year end of $2,594,901 and commitments under lending programs of $13,289,760.

20. Financial instrument risks

The Corporation, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of those risks at 31 March 2009:

(a) Credit risk

Credit risk is the risk that the Corporation will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Corporation to credit risk consist of cash, accounts receivable, mortgages and loans receivable, and receivable from municipalities re: land transfers. Any estimated impairment of mortgages and loans receivable is provided for through an allowance for impaired accounts and no further credit risk exists for these long-term receivables.

(b) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation is not materially exposed to foreign exchange risk as all financial instruments are denominated in Canadian dollars and there was an immaterial amount of foreign currency-denominated accounts payable transactions during the year.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation does not use derivative instruments to reduce its exposure to interest rate risk. Interest rates on the majority of mortgages and loans receivable and mortgages, debentures and similar indebtedness are fixed to maturity.

(d) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its obligations as they fall due. The Corporation maintains adequate levels of working capital to ensure all its obligations can be met when they fall due.

21. Revenue from CMHC

CMHC's share of program subsidies and administration costs are as follows:

	2009 (000's)	2008 (000's)
1997 Canada-Newfoundland Social Housing Agreement	**$ 50,398**	$ 51,794
Affordable Housing Program	**4,705**	2,881
Provincial Home Repair Program	**4,240**	4,331
Residential Rehabilitation Assistance Program	**(7)**	73
Mortgages	**9**	10
	$ 59,345	$ 59,089

On 22 April 1997, the Corporation signed the Canada - Newfoundland Social Housing Agreement with CMHC replacing all existing social housing program agreements between the two parties relating to social housing programs, with the exception of certain loan and mortgage programs.

22. Administrative expenses

	2009 (000's)	2008 (000's)
Advertising and promotion	**$ 151**	$ 100
Computer system costs	**1,787**	1,746
General	**805**	567
Office equipment	**96**	108
Office supplies	**172**	165
Rent, heat, light, cleaning and maintenance	**1,289**	1,145
Salaries and employee benefits	**15,125**	13,598
Telephone and postage	**426**	339
Travel and vehicle expenses	**618**	546
	$ 20,469	$ 18,314

23. Rental properties expenses

	2009 (000's)	2008 (000's)
Amortization	**$ 6,983**	$ 6,832
Bad debts	**114**	31
Heat, light and operating	**10,461**	9,470
Interest on debt	**17,039**	18,162
Municipal taxes	**5,312**	5,069
Repairs and maintenance	**21,450**	17,522
	$ 61,359	$ 57,086

24. Pensions

Under the *Housing Corporation Act*, Corporation staff are subject to the *Public Service Pensions Act*. Employee contributions are matched by the Corporation and remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Corporation's share of pension contributions for 2009 was $1,179,363 (2008 - $1,066,540).

25. Self-insurance

With the exception of certain high-risk projects, the Corporation follows the policy of self-insuring its rental properties for property damage such as fire, water and vandalism. The costs of these repairs are charged to rental properties expenses.

26. Province of Newfoundland and Labrador contribution

The Province of Newfoundland and Labrador contributed approximately 28% (2008 – 25%) of the Corporation's total revenues. The contribution enables the Corporation to carry out its overall mandate and to meet its fiscal challenges.

The Corporation's ability to continue to fulfill its mandate is dependent upon the decisions of the Province of Newfoundland and Labrador.

27. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

28. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

NEWFOUNDLAND AND LABRADOR IMMIGRANT INVESTOR FUND LIMITED

FINANCIAL STATEMENTS

31 MARCH 2009

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Directors
Newfoundland and Labrador Immigrant Investor Fund Limited
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Immigrant Investor Fund Limited as at 31 March 2009 and the statements of revenues, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
28 May 2009

NEWFOUNDLAND AND LABRADOR IMMIGRANT INVESTOR FUND LIMITED
BALANCE SHEET

31 March	2009	2008
ASSETS		
Current		
Cash	$ 147,108,034	$ 4,149,362
Short-term investment, at cost (Note 2)	-	91,730,440
Interest receivable	74,950	12,819
	147,182,984	95,892,621
Deferred financing costs (Note 3)	7,049,554	5,177,449
	$ 154,232,538	$ 101,070,070
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	$ 3,500	$ 3,500
Obligations to investors (Note 4)	149,599,320	97,932,508
	149,602,820	97,936,008
Shareholder's equity		
Share capital (Note 5)		
Authorized 100 common shares of no par value Issued 3 shares	-	-
Surplus	4,629,718	3,134,062
	$ 154,232,538	$ 101,070,070

See accompanying notes

Signed on behalf of the Board:

Chairperson

Member

NEWFOUNDLAND AND LABRADOR IMMIGRANT INVESTOR FUND LIMITED
STATEMENT OF REVENUES, EXPENSES AND SURPLUS

For the Year Ended 31 March	2009	2008
REVENUES		
Interest	$ 3,225,071	$ 2,937,372
EXPENSES		
Audit fees	3,475	3,500
Amortization of deferred financing costs	1,718,382	934,682
Bank charges	41	36
Miscellaneous	-	720
Safekeeping fees	7,517	4,180
	1,729,415	943,118
Excess of revenues over expenses	1,495,656	1,994,254
Surplus, beginning of year	3,134,062	1,139,808
Surplus, end of year	$ 4,629,718	$ 3,134,062

NEWFOUNDLAND AND LABRADOR IMMIGRANT INVESTOR FUND LIMITED
STATEMENT OF CASH FLOWS
For the Year Ended 31 March

	2009	2008
Cash flows from operating activities		
Excess of revenues over expenses	$ 1,495,656	$ 1,994,254
Items not affecting cash		
Amortization of deferred financing costs	1,718,382	934,682
Changes in non-cash working capital		
Interest receivable	(62,131)	(8,211)
Accounts payable and accrued liabilities	-	(2,500)
	3,151,907	2,918,225
Cash flows from financing activities		
Deferred financing charges	(3,590,487)	(3,710,121)
Amounts received from investors	51,788,192	53,268,445
Refund to investors	(121,380)	-
	48,076,325	49,558,324
Increase in cash and cash equivalents	51,228,232	52,476,549
Cash and cash equivalents, beginning of year	95,879,802	43,403,253
Cash and cash equivalents, end of year	$ 147,108,034	$ 95,879,802
Cash and cash equivalents include:		
Cash	$ 147,108,034	$ 4,149,362
Short-term investment	-	91,730,440
	$ 147,108,034	$ 95,879,802

Authority

Newfoundland and Labrador Immigrant Investor Fund Limited (the Corporation), was incorporated on 28 April 2005 under the *Corporations Act* of the Province of Newfoundland and Labrador (the Province). All shares of the Corporation are held by the Minister of Innovation, Trade and Rural Development on behalf of the Province. Its affairs are governed by a Board of Directors appointed by the Lieutenant Governor in Council.

The purpose of the Corporation is to receive, administer and invest funds received from Citizenship and Immigration Canada (CIC) under its Business Immigration Program. Section 92(f) of the *Immigration and Refugee Protection Regulations* to the *Immigration and Refugee Protection Act* requires that during the allocation period of five years, the provincial allocation must be used for the purpose of creating or continuing employment in Canada to foster the development of a strong and viable economy.

In April 2005 the Provincial Cabinet instructed the Board of Directors to direct the investment activities of the Corporation and refer projects to Cabinet for approval. The Board of Directors is also to ensure that all recommended investments are subject to a thorough financial and business analysis.

1. Significant accounting policies

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Deferred financing costs

Deferred financing costs are amortized, on a straight line basis, over the five year period during which the funds are available to the Corporation.

(b) Obligations to investors

An obligation to an investor is recognized upon receipt of funds from CIC.

2. Short-term investment

There were no short-term investments at year end (2008 - $91,730,440). The interest being received on money in the bank account was higher than could be arranged for a short-term deposit.

3. Deferred financing costs

Deferred financing costs of $7,049,554 (2008 - $5,177,449) consist of a seven percent commission paid to CIC approved financial institutions which market the program and assist investors in the administration of their investments. The marketing and financing fee was paid in connection with 3,703 of the 3,741 immigrant investors at 31 March 2009 (2,408 of the 2,437 immigrant investors at 31 March 2008).

4. Obligations to investors

One of the conditions for the issuance of a visa to immigrants under the Citizenship and Immigration Canada (CIC), Business Immigration Program, is that they must invest $400,000 in Canada for a period of five years. The amount of the investment is allocated to the participating provinces on the first day of the second month following the month payment is received from the investor. $200,000 of the $400,000 is divided equally among the participating provinces while the remaining $200,000 is allocated on the basis of each participating province's gross domestic product as a percentage of the total gross domestic product of all participating provinces. As at 31 March 2009, the Newfoundland and Labrador allocation of funds had been received from 3,741 investors (2008 - 2,437 investors).

These obligations to investors are secured by a non-transferable zero interest promissory note issued by CIC, as agent for the Corporation, and the guarantee of the Province of Newfoundland and Labrador. The guarantee is to CIC, as agent for the Corporation, who will repay investors. The promissory notes are repayable without interest, in full, five years from the date the funds were allocated to the Province or within 90 days after the receipt of a written request by the investor for repayment of the funds provided that such a request for repayment has been received by the agent before a visa has been issued to the investor. As at 31 March 2009, 24 of the 3,741 investors had not received a permanent resident visa (2008 - 32 of 2,437 investors).

Obligations to investors at 31 March 2009 totalled $149,599,320 (2008 - $97,932,508). Scheduled investment repayment dates are as follows:

31 May 2010	$ 2,504,060
30 June 2010	2,465,536
31 July 2010	3,351,588
31 August 2010	2,889,300
30 September 2010	3,197,492
31 October 2010	2,850,776
30 November 2010	1,964,724
31 December 2010	1,851,312
31 January 2011	1,581,329
28 February 2011	1,658,467
31 March 2011	1,735,605
30 April 2011	2,622,692
31 May 2011	1,581,329
30 June 2011	1,427,053
31 July 2011	1,889,881
31 August 2011	1,928,450
30 September 2011	1,967,019
31 October 2011	1,928,450
30 November 2011	2,082,726
31 December 2011	1,321,138
31 January 2012	815,997
29 February 2012	1,049,139

4. Obligations to investors (cont.)

31 March 2012	1,321,138
30 April 2012	1,631,994
31 May 2012	2,214,849
30 June 2012	3,263,988
31 July 2012	4,934,839
31 August 2012	4,857,125
30 September 2012	6,799,975
31 October 2012	5,466,461
30 November 2012	5,876,337
31 December 2012	5,648,722
31 January 2013	2,731,759
28 February 2013	4,305,993
31 March 2013	4,215,265
30 April 2013	3,978,895
31 May 2013	3,821,314
30 June 2013	4,294,055
31 July 2013	3,252,776
31 August 2013	7,194,396
30 September 2013	7,542,528
31 October 2013	6,312,768
30 November 2013	4,632,096
31 December 2013	4,420,624
31 January 2014	1,918,384
28 February 2014	2,752,464
31 March 2014	1,546,512
	$ 149,599,320

5. Share capital

The Minister of Innovation, Trade and Rural Development holds 100% of the issued common shares of the Corporation on behalf of the Province of Newfoundland and Labrador.

6. Related party transactions

For administrative purposes the Corporation is managed by the Department of Innovation, Trade and Rural Development and short-term investments for cash management purposes are made by the Department of Finance. Expenses related to salaries, accommodations and administration are incurred directly by the departments and no provision is made in these financial statements for these expenses. The amount of these expenses is not material to these financial statements.

7. Financial instruments

The Corporation's financial instruments recognized on the balance sheet consist of cash, interest receivable, accounts payable and accrued liabilities, and obligations to investors. The purpose of the Corporation is to receive capital from immigrant investors and invest the funds for the purpose of creating and continuing employment in Canada to foster the development of a strong viable economy. At 31 March 2009, the Corporation had not invested any of the funds received from immigrant investors in projects.

Fair value

The carrying value of the interest receivable and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of the instruments. Due to the fact that the obligations to investors are guaranteed by the Province and the Corporation pays no interest, the face value of the obligations to investors is their fair value.

Interest rate risk

Interest rate risk reflects the risk that the Corporation's earnings will decline due to fluctuation in interest rates. The Corporation's cash is held in a bank account bearing an interest rate based on prime. There is no interest to be paid to investors and therefore, there is no interest rate risk.

8. Economic dependence

As a result of its reliance on actions by Citizenship and Immigration Canada and investment decisions by the Government of Newfoundland and Labrador, the Corporation's ability to continue viable operations is dependent on the actions of both entities.

9. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

NEWFOUNDLAND AND LABRADOR
INDUSTRIAL DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

31 MARCH 2009

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Directors
Newfoundland and Labrador Industrial
Development Corporation
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Industrial Development Corporation as at 31 March 2009 and the statements of revenues, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
12 June 2009

NEWFOUNDLAND AND LABRADOR INDUSTRIAL DEVELOPMENT CORPORATION

BALANCE SHEET

31 March

	2009	2008
	(000's)	(000's)
ASSETS		
Current		
Cash	**$ 387**	$ 332
Investments, at cost (Note 2)	**3,500**	33,500
	$ 3,887	$ 33,832
LIABILITIES AND SURPLUS		
Current		
Accounts payable and accrued liabilities	**$ 1**	$ 1
Long-term debt (Note 3)	**-**	29,411
	1	29,412
Surplus	**3,886**	4,420
	$ 3,887	$ 33,832

See accompanying notes

Signed on behalf of the Board of Directors:

Chairperson

Director

NEWFOUNDLAND AND LABRADOR INDUSTRIAL DEVELOPMENT CORPORATION

STATEMENT OF REVENUES, EXPENSES AND SURPLUS

For the Year Ended 31 March	2009	2008
	(000's)	(000's)
REVENUES		
Lease income (Note 2(c))	$ 50	$ 50
Interest and investment income	6	10
	56	60
EXPENSES		
Write down of investment (Note 2(b))	-	450
Professional services	1	1
	1	451
Excess of revenues over expenses (expenses over revenues) from operations	55	(391)
EXTRAORDINARY ITEMS		
Write down of investment (Note 2(a))	(30,000)	-
Write down of long-term debt (Note 3)	29,411	-
	(589)	-
Excess of expenses over revenues	(534)	(391)
Surplus, beginning of year	4,420	4,811
Surplus, end of year	$ 3,886	$ 4,420

NEWFOUNDLAND AND LABRADOR INDUSTRIAL DEVELOPMENT CORPORATION

STATEMENT OF CASH FLOWS

For the Year Ended 31 March

	2009	2008
	(000's)	(000's)
Cash flows from operating activities		
Excess of expenses over revenues	$ (534)	$ (391)
Add non-cash items:		
Write down of investment (Note 2)	30,000	450
Write down of long-term debt (Note 3)	(29,411)	-
	55	59
Changes in non-cash working capital	-	50
Net increase in cash	55	109
Cash, beginning of year	332	223
Cash, end of year	$ 387	$ 332

NEWFOUNDLAND AND LABRADOR INDUSTRIAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2009

Authority

The Newfoundland and Labrador Industrial Development Corporation (NIDC) operates under the authority of the *Industrial Development Corporation Act*. The primary purpose of NIDC is to provide long-term financing to industrial and resource-based companies. Funding is secured through various means including borrowing from the Province of Newfoundland and Labrador (Province). The affairs of NIDC are managed by a Board of Directors appointed by the Lieutenant-Governor in Council.

1. Basis of accounting

These financial statements have been prepared by NIDC's management in accordance with Canadian generally accepted accounting principles.

2. Investments

	2009 **(000's)**	2008 (000's)
Water rights held in Labrador	$ -	$ 30,000
Icewater Seafoods Inc., 35,000 Preference Shares	**3,500**	3,500
	$ 3,500	$ 33,500

(a) Water rights held in Labrador

The *Energy Corporation of Newfoundland and Labrador Water Rights Act*, which was assented to on 4 June 2008, extinguished NIDC's water rights to the Lower Churchill River, without any compensation. As a result of the expropriation, NIDC's investment in these water rights, which was valued at $30,000,000, was written down to $0.

(b) Griffiths Guitars International Limited

During 2007-08, Griffiths Guitars International Limited was placed in receivership. The Company's assets were sold to a third party, however, the proceeds from the sale were insufficient to provide any return on the Company's performance shares. As a result, NIDC's investment in Griffiths Guitars International Limited, which was valued at $450,000, was written down to $0.

2. Investments (cont.)

(c) Icewater Seafoods Inc.

During 2004-05, NIDC was authorized by the Province to provide funding to Icewater Seafoods Inc. in the amount of $3,500,000 by way of a preference share investment in order to assist Icewater Seafoods Inc. in its acquisition of the Arnold's Cove seafood processing facility. These preference shares, having a par value of $100 per share, are non-voting and redeemable with annual, fixed, preferential and cumulative dividends. The Province advanced funding to NIDC for this investment, by way of two $1,750,000 grants. These grants were received in October 2004 and April 2005, with 17,500 preference shares purchased from each grant.

By Agreement dated 8 October 2004, NIDC has acquired for nominal consideration from High Liner Foods Incorporated, the previous operator of the Arnold's Cove seafood processing facility, its Enterprise Allocations, vessel designations and historic rights for Newfoundland and Labrador offshore fishing areas, as defined by the Agreement.

By separate lease Agreement, also dated 8 October 2004, NIDC leased these Enterprise Allocations, vessel designations and historic rights for Newfoundland and Labrador offshore fishing areas, to Icewater Seafoods Inc. and Icewater Harvesting Inc. This lease is for a period of twenty years at $50,000 each year and is subject to certain restrictions and conditions contained in the lease Agreement.

3. Long-term debt

	2009 **(000's)**	2008 (000's)
Non-interest bearing notes payable to the Province, no fixed terms of repayment or maturity dates	**$ -**	$ 29,411

This debt was incurred to purchase water rights held in Labrador, valued at $30,000,000 (Note 2(a)). The *Energy Corporation of Newfoundland and Labrador Water Rights Act*, which was assented to on 4 June 2008, extinguished NIDC's water rights to the Lower Churchill River, without any compensation. As a result of the expropriation, there was no prospect of repayment of the corresponding long-term debt by NIDC. Consequently, Treasury Board directed that the $29.4 million debt owed by NIDC to the Province be written off.

4. Distribution of earnings

Pursuant to Section 30 of the *Industrial Development Corporation Act*, the balance that the Minister of Finance considers to be available out of the net profits of NIDC is to be paid to the Province at such intervals and in a manner that the Minister may direct by notice to the Chairperson of the Board.

5. Related party transactions

NIDC is administered by employees of the Department of Finance. The costs of administration are paid directly by the Department. These costs are not material and therefore are not reflected in these financial statements.

6. Financial instruments

NIDC's short-term financial instruments recognized on the balance sheet consist of cash and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

7. Economic dependence

As a result of NIDC's reliance on Provincial funding, its ability to continue viable operations is dependent upon the decisions of the Province.

8. Income taxes

NIDC is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION

FINANCIAL STATEMENTS

31 MARCH 2005

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Commissioners
Newfoundland and Labrador Legal Aid Commission
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Legal Aid Commission as at 31 March 2005 and the statements of revenues, expenses and deficit, and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at 31 March 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
6 March 2009

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION

BALANCE SHEET

31 March		2005		2004
ASSETS				
Current				
Cash	$	108,214	$	26,447
Accounts receivable (Note 2)		169,922		208,001
		278,136		234,448
Assets held in trust (Note 3)		86,255		94,923
Capital assets (Note 4)		241,620		300,256
	$	606,011	$	629,627
LIABILITIES AND DEFICIT				
Current				
Accounts payable and accrued liabilities (Note 5)	$	1,106,956	$	1,002,618
Deferred revenue		124,970		161,601
		1,231,926		1,164,219
Accrued severance pay		923,508		855,073
Trust liability (Note 3)		86,255		94,923
		2,241,689		2,114,215
Deficit		(1,635,678)		(1,484,588)
	$	606,011	$	629,627

Contingent liabilities (Note 6)

See accompanying notes

Signed on behalf of the Board:

Chairperson

Provincial Director

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
STATEMENT OF REVENUES, EXPENSES AND DEFICIT

For the Year Ended 31 March	2005		2004
	Actual	**Budget**	Actual
REVENUES			
Province of Newfoundland and Labrador operating grant	**$ 7,511,800**	**$ 7,511,800**	$ 7,105,600
Law Foundation of Newfoundland and Labrador grant	**173,839**	**200,000**	206,639
Government of Canada grant	-	-	20,000
Legal services	**67,235**	-	52,466
Interest	**9,783**	**95,000**	10,144
	7,762,657	**7,806,800**	7,394,849
EXPENSES			
Amortization	**99,528**	-	86,145
Bad debt expense	**679**	-	4,900
Bar fees and insurance	**76,250**	**78,841**	78,307
Capital asset purchases	-	**138,500**	-
Commissioners' fees and expenses	**123,196**	**73,500**	120,767
Conference and education	**25,840**	**41,000**	45,778
Family Justice Services Central Project (Note 7)	**138,570**	**125,000**	85,582
Innovation Projects (Note 8)	**595,829**	**610,744**	160,081
Legal fees and disbursements	**526,079**	**421,900**	633,040
Library	**47,472**	**32,150**	47,042
Loss on disposal of capital assets	**6,141**	-	-
Miscellaneous	**38,783**	**13,022**	18,569
Office and equipment rental	**408,310**	**471,465**	429,090
Office expense	**207,284**	**106,523**	197,583
Salaries and benefits	**5,523,409**	**5,699,639**	5,663,365
Telephone and light	**73,584**	**80,000**	73,863
Travel	**22,793**	**(85,484)**	19,835
	7,913,747	**7,806,800**	7,663,947
Excess of expenses over revenues	**(151,090)**	-	(269,098)
Deficit, beginning of year	**(1,484,588)**	**(1,484,588)**	(1,215,490)
Deficit, end of year	**$ (1,635,678)**	**$ (1,484,588)**	$ (1,484,588)

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
STATEMENT OF CASH FLOWS

For the Year Ended 31 March	2005	2004
Cash flows from operating activities		
Excess of expenses over revenues	$ (151,090)	$ (269,098)
Adjustment for non-cash items		
Amortization	99,528	86,145
Loss on disposal of capital assets	6,141	-
	(45,421)	(182,953)
Changes in non-cash working capital		
Accounts receivable	38,079	40,632
Accounts payable and accrued liabilities	104,338	68,893
Deferred revenue	(36,631)	(16,013)
	105,786	93,512
Increase in accrued severance pay	68,435	40,949
	128,800	(48,492)
Cash flows from investing activities		
Purchase of capital assets	(47,033)	(161,696)
	(47,033)	(161,696)
Net increase (decrease) in cash	81,767	(210,188)
Cash, beginning of year	26,447	236,635
Cash, end of year	$ 108,214	$ 26,447

Authority

The Newfoundland and Labrador Legal Aid Commission (the Commission) operates under the authority of the *Legal Aid Act*. The purpose of the Commission is to establish and administer a plan of legal aid for the residents of the Province of Newfoundland and Labrador.

The affairs of the Commission are managed by a Board of Commissioners consisting of the Deputy Minister of Justice and the Provincial Director of the Commission, and five members appointed by the Lieutenant-Governor in Council.

Information necessary to complete the financial statements for the year ended 31 March 2005 was not available until 2008.

1. Significant accounting policies

These financial statements have been prepared by the Commission's management in accordance with Canadian generally accepted accounting principles. The budget disclosed in these financial statements is presented on a cash basis. Outlined below are the significant accounting policies followed.

(a) Revenue recognition

Revenue for legal services is recognized on completion of services provided for legal action.

(b) Capital assets

Capital assets are recorded at cost at the time of acquisition. The budget for the purchase of capital assets was $138,500 (2004 - $138,500). Actual purchases totalled $47,033 (2004 - $161,696).

Amortization is recorded as follows:

Office furniture and equipment	- Straight line basis over a period of five years from the date of purchase.
Software development	- Straight line basis over a period of five years from the date of purchase.
Computer equipment	- Straight line basis over a period of five years from the date of purchase.
Leasehold improvements	- Straight line basis over the remaining life of the rental agreement.

1. Significant accounting policies (cont.)

(c) Severance pay

Severance pay is calculated based on years of service and current salary levels. The entitlement to severance pay vests with employees after nine years of continual service with the Commission, and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. The amount is payable when the employee ceases employment with the Commission. The Commission does not recognize prior service with the public service for the purpose of calculating severance entitlement.

2. Accounts receivable

	2005	2004
Trade	$ 356,665	$ 369,082
Harmonized Sales Tax	16,309	41,292
	372,974	410,374
Less: allowance for doubtful accounts	(203,052)	(202,373)
Net accounts receivable	$ 169,922	$ 208,001

3. Assets held in trust

Assets held in trust of $86,255 (2004 - $94,923) includes amounts received by the Commission for legal services which have yet to be completed. Once legal services have been completed, these deposits will be combined with the general funds of the Commission. Assets held in trust also includes amounts received by the Commission, such as settlements, which will be disbursed once legal services have been completed.

4. Capital assets

	2005			2004
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office furniture and equipment	$ 654,200	$ 598,492	$ 55,708	$ 69,450
Software development	181,603	149,814	31,789	29,470
Computer equipment	371,329	223,415	147,914	201,146
Leasehold improvements	26,036	19,827	6,209	190
	$ 1,233,168	$ 991,548	$ 241,620	$ 300,256

5. Accounts payable and accrued liabilities

	2005	2004
Trade	$ 102,627	$ 150,682
Salaries and benefits	1,004,329	851,936
	$ 1,106,956	$ 1,002,618

6. Contingent liabilities

(a) A Statement of Claim has been served on the Commission by a former employee for alleged wrongful dismissal. The Commission through legal counsel has filed a defence.

(b) A Statement of Claim has been served on the Commission, as represented by the Department of Transportation and Works, by a company in connection with a tender for office space. The Commission through legal counsel has filed a defence.

(c) A Statement of Claim in the amount of $8,900 has been served on the Commission by a former employee in connection with severance pay. The Commission through legal counsel has filed a defence.

(d) A Statement of Claim has been served on the Commission by a former employee for alleged wrongful dismissal. The Commission through legal counsel has filed a defence.

7. Family Justice Services Central Project

On 31 March 2004, an agreement was signed between the Government of Canada and the Province to provide funding to the Province for a Family Justice Services Central Project. The agreement covers a portion of the costs of a project designed to provide enhanced access to family law justice services in Central Newfoundland. The agreement covers the period 1 April 2003 to 31 March 2006 and provides for funding of up to $130,019 to be paid to the Province in 2003-04, up to $120,000 to be paid to the Province in 2004-05, and of up to $80,000 to be paid to the Province in 2005-06. On 27 March 2007, a new agreement was signed between the Government of Canada and the Province to provide funding to the Province for this Project in the amount of up to $140,000 in 2006-07. This funding was included in the grant provided to the Commission by the Province. Actual expenditures paid by the Commission for the project were as follows:

	2005	2004
Bar fees	$ 1,789	$ 5,608
Office expense	6,655	-
Office rental	3,600	3,600
Salaries and benefits	113,254	67,396
Telephone	5,871	4,441
Travel	7,401	4,537
	$ 138,570	$ 85,582

Included in capital assets are purchases of $4,208 (2004 – nil) that were made from the Family Justice Services Central Project funding.

8. Innovation projects

On 19 February 2004, an Agreement respecting Legal Aid in Criminal Law, *Youth Criminal Justice Act* and Immigration and Refugee Matters was signed between the Federal Government and the Province of Newfoundland and Labrador. The Agreement provided investment funding for the three year period ending 31 March 2006 to address unmet needs in criminal legal aid through innovative projects. The objectives of these projects are to develop and implement innovative approaches to the delivery of criminal legal aid services that improve access to legal aid, address the legal aid needs of federal priority groups and clients with special needs, and address other priorities. The Agreement provided for funding to be paid to the Province in the amount of $275,184 in 2003-04, $610,744 in 2004-05, and $442,964 in 2005-06. On 29 November 2006, the Agreement was extended to provide funding to the Province in the amount of $442,964 in 2006-07. This funding was included in the grant provided to the Commission by the Province. Actual expenditures paid by the Commission in connection with innovation projects were as follows:

			2005			2004
Project	**Fees and Disbursements**	**Office Expenses**	**Salary and Benefits**	**Travel**	**Total**	Total
Mental Health	**$ 13,164**	**$ 28,260**	**$ 153,299**	**$ 5,739**	**$ 200,462**	$ -
Aboriginal	**611**	**14,137**	**137,358**	**47,708**	**199,814**	13,404
Bilingual	**1,775**	**5,758**	**62,100**	-	**69,633**	7,800
Brydges Duty Counsel	-	**128**	**69,495**	-	**69,623**	69,418
Intake Financial Eligibility	-	-	**41,527**	-	**41,527**	53,849
Northern Incentive	-	-	**14,770**	-	**14,770**	5,704
Administrative Enhancements	-	-	-	-	-	9,906
	$ 15,550	**$ 48,283**	**$ 478,549**	**$ 53,447**	**$ 595,829**	$ 160,081

Included in capital assets are purchases of $11,188 (2004 - $115,119) that were made from the Innovation projects funding.

9. Pensions

Under the *Legal Aid Act*, Commission staff are subject to the *Public Service Pensions Act*. Employee contributions are matched by the Commission and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Commission's share of pension contributions for 2005 was $376,874 (2004 - $355,683).

10. Related party transactions

(a) During the year, the Commission received $7,511,800 (2004 - $7,105,600) from the Province in operating grant revenue.

(b) Office expense includes an amount of $83,525 (2004 - $123,257) which was paid to the Province for Information Technology support services.

(c) Included in accounts payable and accrued liabilities is an amount owing to the Province of Newfoundland and Labrador Pooled Pension Fund of $9,671 (2004 - $0).

(d) Eastern Regional Integrated Health Authority provided the Commission with the use of office space for the Mental Health Project (see Note 8) at no cost.

11. Lease commitments

The Commission has entered into agreements requiring lease payments for office rental for the next three years as follows:

2006	$239,420
2007	$189,630
2008	$ 20,518

12. Economic dependence

As a result of the Commission's reliance on Provincial funding to meet its cost of operations, the Commission's ability to continue viable operations is dependent upon continued funding from the Province.

13. Financial instruments

The Commission's financial instruments recognized in the balance sheet consist of cash, accounts receivable, assets held in trust, accounts payable and accrued liabilities, and trust liability, the carrying values of which approximate fair value due to the short-term maturity associated with these instruments. Any estimated impairment of accounts receivable has been provided for through an allowance for doubtful accounts and no further credit risk exists in relation to these receivables.

14. Income taxes

The Commission is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

15. Comparative figures

Certain figures from the 2004 financial statements have been reclassified to conform with the basis of presentation used in 2005.

NEWFOUNDLAND AND LABRADOR
LEGAL AID COMMISSION

FINANCIAL STATEMENTS

31 MARCH 2006

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Commissioners
Newfoundland and Labrador Legal Aid Commission
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Legal Aid Commission as at 31 March 2006 and the statements of revenues, expenses and deficit, and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at 31 March 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
6 March 2009

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
BALANCE SHEET

31 March		2006		2005
ASSETS				
Current				
Cash	$	**122,578**	$	108,214
Accounts receivable (Note 2)		**177,148**		169,922
Prepaid expenses		**1,035**		-
		300,761		278,136
Assets held in trust (Note 3)		**128,247**		86,255
Capital assets (Note 4)		**194,127**		241,620
	$	**623,135**	$	606,011
LIABILITIES AND DEFICIT				
Current				
Accounts payable and accrued liabilities (Note 5)	$	**1,475,738**	$	1,106,956
Deferred revenue		**115,231**		124,970
		1,590,969		1,231,926
Accrued severance pay		**979,806**		923,508
Trust liability (Note 3)		**128,247**		86,255
		2,699,022		2,241,689
Deficit		**(2,075,887)**		(1,635,678)
	$	**623,135**	$	606,011

Contingent liabilities (Note 6)

See accompanying notes

Signed on behalf of the Board: ______________________ **Chairperson** ______________________ **Provincial Director**

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION

STATEMENT OF REVENUES, EXPENSES AND DEFICIT

For the Year Ended 31 March	2006		2005
	Actual	**Budget**	Actual
REVENUES			
Province of Newfoundland and Labrador operating grant	$ 7,421,500	$ 7,221,449	$ 7,511,800
Law Foundation of Newfoundland and Labrador grant	265,806	200,000	173,839
Legal services	32,214	-	67,235
Interest	13,493	95,000	9,783
	7,733,013	7,516,449	7,762,657
EXPENSES			
Amortization	88,859	-	99,528
Bad debt expense	3,008	-	679
Bar fees and insurance	76,958	78,841	76,250
Capital asset purchases	-	138,500	-
Commissioners' fees and expenses	94,108	82,561	123,196
Conference and education	60,538	41,000	25,840
Family Justice Services Central Project (Note 7)	211,624	125,000	138,570
Innovation Projects (Note 8)	519,680	442,964	595,829
Legal fees and disbursements	762,790	421,900	526,079
Library	37,903	32,150	47,472
Loss on disposal of capital assets	-	-	6,141
Miscellaneous	44,453	13,022	38,783
Office and equipment rental	436,523	471,464	408,310
Office expense	247,032	106,523	207,284
Salaries and benefits	5,489,598	5,567,978	5,523,409
Telephone and light	78,455	80,000	73,584
Travel	21,693	(85,484)	22,793
	8,173,222	7,516,419	7,913,747
Excess of revenues over expenses (expenses over revenues)	(440,209)	30	(151,090)
Deficit, beginning of year	(1,635,678)	(1,635,678)	(1,484,588)
Deficit, end of year	$ (2,075,887)	$ (1,635,648)	$ (1,635,678)

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
STATEMENT OF CASH FLOWS

For the Year Ended 31 March	2006	2005
Cash flows from operating activities		
Excess of expenses over revenues	$ (440,209)	$ (151,090)
Adjustment for non-cash items		
Amortization	88,859	99,528
Bad debt expense	3,008	679
Loss on disposal of capital assets	-	6,141
	(348,342)	(44,742)
Changes in non-cash working capital		
Accounts receivable	(10,234)	37,400
Prepaid expenses	(1,035)	-
Accounts payable and accrued liabilities	368,782	104,338
Deferred revenue	(9,739)	(36,631)
	347,774	105,107
Increase in accrued severance pay	56,298	68,435
	55,730	128,800
Cash flows from investing activities		
Purchase of capital assets	(41,366)	(47,033)
	(41,366)	(47,033)
Net increase in cash	14,364	81,767
Cash, beginning of year	108,214	26,447
Cash, end of year	$ 122,578	$ 108,214

Authority

The Newfoundland and Labrador Legal Aid Commission (the Commission) operates under the authority of the *Legal Aid Act*. The purpose of the Commission is to establish and administer a plan of legal aid for the residents of the Province of Newfoundland and Labrador.

The affairs of the Commission are managed by a Board of Commissioners consisting of the Deputy Minister of Justice and the Provincial Director of the Commission, and five members appointed by the Lieutenant-Governor in Council.

Information necessary to complete the financial statements for the year ended 31 March 2006 was not available until 2009.

1. Significant accounting policies

These financial statements have been prepared by the Commission's management in accordance with Canadian generally accepted accounting principles. The budget disclosed in these financial statements is presented on a cash basis. Outlined below are the significant accounting policies followed.

(a) Revenue recognition

Revenue for legal services is recognized on completion of services provided for legal action.

(b) Capital assets

Capital assets are recorded at cost at the time of acquisition. The budget for the purchase of capital assets was $138,500 (2005 - $138,500). Actual purchases totalled $41,366 (2005 - $47,033).

Amortization is recorded as follows:

Office furniture and equipment	- Straight line basis over a period of five years from the date of purchase.
Software development	- Straight line basis over a period of five years from the date of purchase.
Computer equipment	- Straight line basis over a period of five years from the date of purchase.
Leasehold improvements	- Straight line basis over the remaining life of the rental agreement.

1. Significant accounting policies (cont.)

(c) Severance pay

Severance pay is calculated based on years of service and current salary levels. The entitlement to severance pay vests with employees after nine years of continual service with the Commission, and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. The amount is payable when the employee ceases employment with the Commission. The Commission does not recognize prior service with the public service for the purpose of calculating severance entitlement.

2. Accounts receivable

	2006	2005
Trade	**$ 358,694**	$ 356,665
Harmonized Sales Tax	**24,514**	16,309
	383,208	372,974
Less: allowance for doubtful accounts	**(206,060)**	(203,052)
Net accounts receivable	**$ 177,148**	$ 169,922

3. Assets held in trust

Assets held in trust of $128,247 (2005 - $86,255) includes amounts received by the Commission for legal services which have yet to be completed. Once legal services have been completed, these deposits will be combined with the general funds of the Commission. Assets held in trust also includes amounts received by the Commission, such as settlements, which will be disbursed once legal services have been completed.

4. Capital assets

	2006			2005
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Office furniture and equipment	**$ 667,620**	**$ 622,772**	**$ 44,848**	$ 55,708
Software development	**182,143**	**157,673**	**24,470**	31,789
Computer equipment	**398,734**	**278,540**	**120,194**	147,914
Leasehold improvements	**26,036**	**21,421**	**4,615**	6,209
	$ 1,274,533	**$ 1,080,406**	**$ 194,127**	$ 241,620

5. Accounts payable and accrued liabilities

	2006	2005
Trade	**$ 420,823**	$ 102,627
Salaries and benefits	**1,054,915**	1,004,329
	$ 1,475,738	$ 1,106,956

6. Contingent liabilities

(a) A Statement of Claim has been served on the Commission by a former employee for alleged wrongful dismissal. The Commission through legal counsel has filed a defence.

(b) A Statement of Claim has been served on the Commission, as represented by the Department of Transportation and Works, by a company in connection with a tender for office space. The Commission through legal counsel has filed a defence.

(c) A Statement of Claim in the amount of $8,900 has been served on the Commission by a former employee in connection with severance pay. The Commission through legal counsel has filed a defence.

(d) A Statement of Claim has been served on the Commission by a former employee for alleged wrongful dismissal. The Commission through legal counsel has filed a defence.

7. Family Justice Services Central Project

On 31 March 2004, an agreement was signed between the Government of Canada and the Province to provide funding to the Province for a Family Justice Services Central Project. The agreement covers a portion of the costs of a project designed to provide enhanced access to family law justice services in Central Newfoundland. The agreement covers the period 1 April 2003 to 31 March 2006 and provides for funding of up to $130,019 to be paid to the Province in 2003-04, up to $120,000 to be paid to the Province in 2004-05, and up to $80,000 to be paid to the Province in 2005-06. On 27 March 2007, a new agreement was signed between the Government of Canada and the Province to provide funding to the Province for this Project in the amount of up to $140,000 in 2006-07. This funding was included in the grant provided to the Commission by the Province. Actual expenditures paid by the Commission for the project were as follows:

	2006	2005
Bar fees	**$ 1,923**	$ 1,789
Office expense	**10,392**	6,655
Office rental	**3,600**	3,600
Salaries and benefits	**177,294**	113,254
Telephone	**7,720**	5,871
Travel	**10,695**	7,401
	$ 211,624	$ 138,570

Included in capital assets are purchases of $0 (2005 - $4,208) that were made from the Family Justice Services Central Project funding.

8. Innovation projects

On 19 February 2004, an Agreement respecting Legal Aid in Criminal Law, *Youth Criminal Justice Act* and Immigration and Refugee Matters was signed between the Federal Government and the Province of Newfoundland and Labrador. The Agreement provided investment funding for the three year period ending 31 March 2006 to address unmet needs in criminal legal aid through innovative projects. The objectives of these projects are to develop and implement innovative approaches to the delivery of criminal legal aid services that improve access to legal aid, address the legal aid needs of federal priority groups and clients with special needs, and address other priorities. The Agreement provided for funding to be paid to the Province in the amount of $275,184 in 2003-04, $610,744 in 2004-05, and $442,964 in 2005-06. On 29 November 2006, the Agreement was extended to provide funding to the Province in the amount of $442,964 in 2006-07. This funding was included in the grant provided to the Commission by the Province. Actual expenditures paid by the Commission in connection with innovation projects were as follows:

	2006					2005
Project	**Fees and Disbursements**	**Office Expenses**	**Salary and Benefits**	**Travel**	**Total**	Total
Mental Health	**$ 9,117**	**$ 2,562**	**$ 161,208**	**$ 11,025**	**$ 183,912**	$ 200,462
Aboriginal	**1,364**	**32,751**	**95,794**	**12,888**	**142,797**	199,814
Brydges Duty Counsel	-	-	**69,495**	-	**69,495**	69,623
Bilingual	**1,775**	**5,629**	**62,046**	-	**69,450**	69,633
Intake Financial Eligibility	-	-	**39,256**	-	**39,256**	41,527
Northern Incentive	-	-	**14,770**	-	**14,770**	14,770
	$ 12,256	**$ 40,942**	**$ 442,569**	**$ 23,913**	**$ 519,680**	$ 595,829

Included in capital assets are purchases of $0 (2005 - $11,188) that were made from the Innovation projects funding.

9. Pensions

Under the *Legal Aid Act*, Commission staff are subject to the *Public Service Pensions Act*. Employee contributions are matched by the Commission and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Commission's share of pension contributions for 2006 was $368,833 (2005 - $376,874).

10. Related party transactions

(a) During the year, the Commission received $7,421,500 (2005 - $7,511,800) from the Province in operating grant revenue.

(b) Office expense includes an amount of $84,910 (2005 - $83,525) which was paid to the Province for Information Technology support services.

(c) Included in accounts payable and accrued liabilities is an amount owing to the Province of Newfoundland and Labrador Pooled Pension Fund of $42,485 (2005 - $9,671).

(d) The Province provides the Commission with the use of office space for the Mental Health Project (see Note 8) at no cost.

11. Lease commitments

The Commission has entered into agreements requiring lease payments for office rental for the next five years as follows:

2007	$248,502
2008	$ 79,390
2009	$ 58,872
2010	$ 58,877
2011	$ 24,530

12. Economic dependence

As a result of the Commission's reliance on Provincial funding to meet its cost of operations, the Commission's ability to continue viable operations is dependent upon continued funding from the Province.

13. Financial instruments

The Commission's financial instruments recognized in the balance sheet consist of cash, accounts receivable, assets held in trust, accounts payable and accrued liabilities, and trust liability, the carrying values of which approximate fair value due to the short-term maturity associated with these instruments. Any estimated impairment of accounts receivable has been provided for through an allowance for doubtful accounts and no further credit risk exists in relation to these receivables.

14. Income taxes

The Commission is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

15. Comparative figures

Certain figures from the 2005 financial statements have been reclassified to conform with the basis of presentation used in 2006.

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION

FINANCIAL STATEMENTS

31 MARCH 2007

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Commissioners
Newfoundland and Labrador Legal Aid Commission
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Legal Aid Commission as at 31 March 2007 and the statements of revenues, expenses and deficit, and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at 31 March 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
6 March 2009

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
BALANCE SHEET

31 March		2007		2006
ASSETS				
Current				
Cash	$	**713,745**	$	122,578
Accounts receivable (Note 2)		**129,327**		177,148
Prepaid expenses		**-**		1,035
		843,072		300,761
Assets held in trust (Note 3)		**93,443**		128,247
Capital assets (Note 4)		**164,626**		194,127
	$	**1,101,141**	$	623,135
LIABILITIES AND DEFICIT				
Current				
Accounts payable and accrued liabilities (Note 5)	$	**1,239,462**	$	1,475,738
Deferred revenue		**120,167**		115,231
		1,359,629		1,590,969
Accrued severance pay		**1,058,354**		979,806
Trust liability (Note 3)		**93,443**		128,247
		2,511,426		2,699,022
Deficit		**(1,410,285)**		(2,075,887)
	$	**1,101,141**	$	623,135

Contingent liabilities (Note 6)

See accompanying notes

Signed on behalf of the Board: **Chairperson** **Provincial Director**

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
STATEMENT OF REVENUES, EXPENSES AND DEFICIT

For the Year Ended 31 March	2007		2006
	Actual	Budget	Actual
REVENUES			
Province of Newfoundland and Labrador operating grant	$ 8,254,800	$ 8,254,800	$ 7,421,500
Law Foundation of Newfoundland and Labrador grant	787,737	300,000	265,806
Legal services	54,675	-	32,214
Interest	28,536	95,000	13,493
	9,125,748	8,649,800	7,733,013
EXPENSES			
Amortization	80,850	-	88,859
Bad debt expense	36,319	-	3,008
Bar fees and insurance	86,572	86,040	76,958
Commissioners' fees and expenses	70,758	85,029	94,108
Conference and education	30,604	41,000	60,538
Family Justice Services Central Project (Note 7)	168,352	165,000	211,624
Innovation Projects (Note 8)	498,986	442,964	519,680
Legal fees and disbursements	833,086	641,900	762,790
Library	10,212	32,150	37,903
Miscellaneous	53,400	13,022	44,453
Office and equipment rental	453,651	521,464	436,523
Office expense	249,873	96,521	247,032
Salaries and benefits	5,775,446	6,283,910	5,489,598
Telephone and light	73,484	87,700	78,455
Travel	38,553	14,600	21,693
	8,460,146	8,511,300	8,173,222
Excess of revenues over expenses (expenses over revenues)	665,602	138,500	(440,209)
Deficit, beginning of year	(2,075,887)	(2,075,887)	(1,635,678)
Deficit, end of year	$ (1,410,285)	$ (1,937,387)	$ (2,075,887)

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
STATEMENT OF CASH FLOWS

For the Year Ended 31 March	2007	2006
Cash flows from operating activities		
Excess of revenues over expenses (expenses over revenues)	$ 665,602	$ (440,209)
Adjustment for non-cash items		
Amortization	80,850	88,859
Bad debt expense	36,319	3,008
	782,771	(348,342)
Changes in non-cash working capital		
Accounts receivable	11,502	(10,234)
Prepaid expenses	1,035	(1,035)
Accounts payable and accrued liabilities	(236,276)	368,782
Deferred revenue	4,936	(9,739)
	(218,803)	347,774
Increase in accrued severance pay	78,548	56,298
	642,516	55,730
Cash flows from investing activities		
Purchase of capital assets	(51,349)	(41,366)
	(51,349)	(41,366)
Net increase in cash	591,167	14,364
Cash, beginning of year	122,578	108,214
Cash, end of year	$ 713,745	$ 122,578

Authority

The Newfoundland and Labrador Legal Aid Commission (the Commission) operates under the authority of the *Legal Aid Act*. The purpose of the Commission is to establish and administer a plan of legal aid for the residents of the Province of Newfoundland and Labrador.

The affairs of the Commission are managed by a Board of Commissioners consisting of the Deputy Minister of Justice and the Provincial Director of the Commission, and five members appointed by the Lieutenant-Governor in Council.

Information necessary to complete the financial statements for the year ended 31 March 2007 was not available until 2009.

1. Significant accounting policies

These financial statements have been prepared by the Commission's management in accordance with Canadian generally accepted accounting principles. The budget disclosed in these financial statements is presented on a cash basis. Outlined below are the significant accounting policies followed.

(a) Revenue recognition

Revenue for legal services is recognized on completion of services provided for legal action.

(b) Capital assets

Capital assets are recorded at cost at the time of acquisition. The budget for the purchase of capital assets was $0 (2006 - $138,500). Actual purchases totalled $51,349 (2006 - $41,366).

Amortization is recorded as follows:

Office furniture and equipment	- Straight line basis over a period of five years from the date of purchase.
Software development	- Straight line basis over a period of five years from the date of purchase.
Computer equipment	- Straight line basis over a period of five years from the date of purchase.
Leasehold improvements	- Straight line basis over the remaining life of the rental agreement.

1. Significant accounting policies (cont.)

(c) Severance pay

Severance pay is calculated based on years of service and current salary levels. The entitlement to severance pay vests with employees after nine years of continual service with the Commission, and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. The amount is payable when the employee ceases employment with the Commission. The Commission does not recognize prior service with the public service for the purpose of calculating severance entitlement.

2. Accounts receivable

	2007	2006
Trade	**$ 362,059**	$ 358,694
Harmonized Sales Tax	**9,647**	24,514
	371,706	383,208
Less: allowance for doubtful accounts	**(242,379)**	(206,060)
Net accounts receivable	**$ 129,327**	$ 177,148

3. Assets held in trust

Assets held in trust of $93,443 (2006 - $128,247) includes amounts received by the Commission for legal services which have yet to be completed. Once legal services have been completed, these deposits will be combined with the general funds of the Commission. Assets held in trust also includes amounts received by the Commission, such as settlements, which will be disbursed once legal services have been completed.

4. Capital assets

	2007			2006
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Office furniture and equipment	**$ 700,754**	**$ 649,557**	**$ 51,197**	$ 44,848
Software development	**182,143**	**165,579**	**16,564**	24,470
Computer equipment	**416,949**	**323,161**	**93,788**	120,194
Leasehold improvements	**26,036**	**22,959**	**3,077**	4,615
	$ 1,325,882	**$ 1,161,256**	**$ 164,626**	$ 194,127

5. Accounts payable and accrued liabilities

	2007	2006
Trade	$ **108,540**	$ 420,823
Salaries and benefits	**1,130,922**	1,054,915
	$ **1,239,462**	$ 1,475,738

6. Contingent liabilities

(a) A Statement of Claim has been served on the Commission by a former employee for alleged wrongful dismissal. The Commission through legal counsel has filed a defence.

(b) A Statement of Claim has been served on the Commission, as represented by the Department of Transportation and Works, by a company in connection with a tender for office space. The Commission through legal counsel has filed a defence.

(c) A Statement of Claim in the amount of $8,900 has been served on the Commission by a former employee in connection with severance pay. The Commission through legal counsel has filed a defence.

(d) A Statement of Claim has been served on the Commission by a former employee for alleged wrongful dismissal. The Commission through legal counsel has filed a defence.

7. Family Justice Services Central Project

On 31 March 2004, an agreement was signed between the Government of Canada and the Province to provide funding to the Province for a Family Justice Services Central Project. The agreement covers a portion of the costs of a project designed to provide enhanced access to family law justice services in Central Newfoundland. The agreement covers the period 1 April 2003 to 31 March 2006 and provides for funding of up to $130,019 to be paid to the Province in 2003-04, up to $120,000 to be paid to the Province in 2004-05, and up to $80,000 to be paid to the Province in 2005-06. On 27 March 2007, a new agreement was signed between the Government of Canada and the Province to provide funding to the Province for this Project in the amount of up to $140,000 in 2006-07. This funding was included in the grant provided to the Commission by the Province. Actual expenditures paid by the Commission for the project were as follows:

	2007	2006
Bar fees	$ **1,183**	$ 1,923
Office expense	**7,503**	10,392
Office rental	**3,600**	3,600
Salaries and benefits	**143,245**	177,294
Telephone	**8,340**	7,720
Travel	**4,481**	10,695
	$ **168,352**	$ 211,624

8. Innovation projects

On 19 February 2004, an Agreement respecting Legal Aid in Criminal Law, *Youth Criminal Justice Act* and Immigration and Refugee Matters was signed between the Federal Government and the Province of Newfoundland and Labrador. The Agreement provided investment funding for the three year period ending 31 March 2006 to address unmet needs in criminal legal aid through innovative projects. The objectives of these projects are to develop and implement innovative approaches to the delivery of criminal legal aid services that improve access to legal aid, address the legal aid needs of federal priority groups and clients with special needs, and address other priorities. The Agreement provided for funding to be paid to the Province in the amount of $275,184 in 2003-04, $610,744 in 2004-05, and $442,964 in 2005-06. On 29 November 2006, the Agreement was extended to provide funding to the Province in the amount of $442,964 in 2006-07. This funding was included in the grant provided to the Commission by the Province. Actual expenditures paid by the Commission in connection with innovation projects were as follows:

	2007					2006
Project	**Fees and Disbursements**	**Office Expenses**	**Salary and Benefits**	**Travel**	**Total**	Total
Mental Health	**$ 11,907**	**$ 8,775**	**$ 174,110**	**$ 5,386**	**$ 200,178**	$ 183,912
Aboriginal	**22**	**28,432**	**63,153**	**8,869**	**100,476**	142,797
Bilingual	**1,775**	**6,283**	**64,982**	-	**73,040**	69,450
Brydges Duty Counsel	-	-	**69,495**	-	**69,495**	69,495
Intake Financial Eligibility	-	-	**41,027**	-	**41,027**	39,256
Northern Incentive	-	-	**14,770**	-	**14,770**	14,770
	$ 13,704	**$ 43,490**	**$ 427,537**	**$ 14,255**	**$ 498,986**	$ 519,680

Included in capital assets are purchases of $2,433 (2006 - $0) that were made from the Innovation projects funding.

9. Pensions

Under the *Legal Aid Act*, Commission staff are subject to the *Public Service Pensions Act*. Employee contributions are matched by the Commission and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Commission's share of pension contributions for 2007 was $385,436 (2006 - $368,833).

10. Related party transactions

(a) During the year, the Commission received $8,254,800 (2006 - $7,421,500) from the Province in operating grant revenue.

(b) Office expense includes an amount of $83,315 (2006 - $84,910) which was paid to the Province for Information Technology support services.

(c) Included in accounts payable and accrued liabilities is an amount owing to the Province of Newfoundland and Labrador Pooled Pension Fund of $52,045 (2006 - $42,485).

(d) The Province provides the Commission with the use of office space for the Mental Health Project (see Note 8) at no cost.

11. Lease commitments

The Commission has entered into agreements requiring lease payments for office rental for the next five years as follows:

2008	$329,539
2009	$175,092
2010	$175,092
2011	$140,750
2012	$ 60,357

12. Economic dependence

As a result of the Commission's reliance on Provincial funding to meet its cost of operations, the Commission's ability to continue viable operations is dependent upon continued funding from the Province.

13. Financial instruments

The Commission's financial instruments recognized in the balance sheet consist of cash, accounts receivable, assets held in trust, accounts payable and accrued liabilities, and trust liability, the carrying values of which approximate fair value due to the short-term maturity associated with these instruments. Any estimated impairment of accounts receivable has been provided for through an allowance for doubtful accounts and no further credit risk exists in relation to these receivables.

14. Income taxes

The Commission is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

Financial Statements of

NEWFOUNDLAND LABRADOR LIQUOR CORPORATION

April 4, 2009

AUDITORS' REPORT

To the Board of Directors of
Newfoundland Labrador Liquor Corporation

We have audited the balance sheet of the **Newfoundland Labrador Liquor Corporation** ("the Corporation") as at April 4, 2009 and the statements of earnings, retained earnings and cash flows for the 52 week period then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at April 4, 2009 and the results of its operations and its cash flows for the period then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP

Chartered Accountants

St. John's, Canada,
May 21, 2009.

NEWFOUNDLAND LABRADOR LIQUOR CORPORATION

Balance Sheet

(in thousands)

	April 4, 2009	April 5, 2008
ASSETS	**$**	**$**
CURRENT		
Cash and cash equivalents	**20,679**	16,028
Accounts receivable	**4,461**	4,757
Beer commissions receivable	**5,598**	5,116
Inventories (Note 6)	**34,636**	28,741
Prepaid expenses	**1,959**	2,601
	67,333	57,243
CAPITAL ASSETS (Note 7)	**18,232**	16,596
INTANGIBLE ASSET (Note 8)	**2**	22
	85,567	73,861
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	**25,973**	19,771
Accrued vacation pay	**1,704**	1,401
Obligation under capital lease (Note 9)	**-**	52
	27,677	21,224
ACCRUED SEVERANCE PAY	**2,513**	2,428
	30,190	23,652
EQUITY		
Retained earnings	**55,377**	50,209
	85,567	73,861

See accompanying notes

ON BEHALF OF THE BOARD:

CHAIRMAN OF THE BOARD

DIRECTOR

NEWFOUNDLAND LABRADOR LIQUOR CORPORATION
Statement of Earnings
(in thousands)

	52 weeks ended April 4, 2009	53 weeks ended April 5, 2008
	$	$
SALES	**182,916**	168,719
COST OF GOODS SOLD	**76,944**	71,083
GROSS PROFIT	**105,972**	97,636
ADMINISTRATIVE AND OPERATING EXPENSES (Note 10)	**42,457**	38,982
EARNINGS FROM OPERATIONS	**63,515**	58,654
OTHER INCOME		
Commission revenue on sale of beer	**57,361**	55,227
Interest	**622**	1,550
Miscellaneous income	**1,670**	1,728
	59,653	58,505
NET EARNINGS	**123,168**	117,159

See accompanying notes

NEWFOUNDLAND LABRADOR LIQUOR CORPORATION

Statement of Retained Earnings

(in thousands)

	52 weeks ended April 4, 2009	53 weeks ended April 5, 2008
	$	$
BALANCE, BEGINNING OF PERIOD	**50,209**	58,050
NET EARNINGS	**123,168**	117,159
	173,377	175,209
PAYMENTS TO THE PROVINCE OF NEWFOUNDLAND LABRADOR	**(118,000)**	(125,000)
BALANCE, END OF PERIOD	**55,377**	50,209

See accompanying notes

NEWFOUNDLAND LABRADOR LIQUOR CORPORATION

Statement of Cash Flows

(in thousands)

	52 weeks ended April 4, 2009	53 weeks ended April 5, 2008
	$	$
OPERATING ACTIVITIES		
Net earnings	**123,168**	117,159
Adjustments for:		
Amortization	**3,425**	3,508
Gain on disposal of capital assets	**-**	(605)
Accrual for vacation pay	**303**	235
Accrual for severance pay	**85**	28
Net change in non-cash operating working capital	**763**	(5,135)
	127,744	115,190
INVESTING ACTIVITIES		
Proceeds on disposal of capital assets	**-**	1,510
Purchase of capital assets	**(5,041)**	(3,992)
	(5,041)	(2,482)
FINANCING ACTIVITIES		
Payments to the Province of Newfoundland Labrador	**(118,000)**	(125,000)
Repayment of obligation under capital lease	**(52)**	(70)
	(118,052)	(125,070)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**4,651**	(12,362)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	**16,028**	28,390
CASH AND CASH EQUIVALENTS, END OF PERIOD	**20,679**	16,028

See accompanying notes

1. DESCRIPTION OF BUSINESS

The Newfoundland Labrador Liquor Corporation ("the Corporation") is a Provincial Crown Corporation responsible for managing the importation, sale and distribution of beverage alcohol throughout Newfoundland Labrador.

2. FISCAL YEAR END

The fiscal year of the Corporation ends on the first Saturday of April. As a result, the Corporation's fiscal year is usually 52 weeks in duration but includes a 53rd week every 5 to 6 years. The years ended April 4, 2009 and April 5, 2008 contained 52 weeks and 53 weeks, respectively. The year ended April 5, 2008 contained 53 weeks as the Corporation changed its reporting period from a March 31 fiscal year end to a floating year end to facilitate four 13 week reporting periods.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies:

Revenue recognition

Revenue is recognized when goods have been sold and all contractual obligations have been met and collection is reasonably assured.

Cash and cash equivalents

Cash and cash equivalents are defined as short-term deposits with original maturities of twelve months or less.

Inventories

Inventories are carried at the lower of average cost and net realizable value.

Capital assets

Capital assets are recorded at cost. Amortization is recorded over the expected useful life of the capital assets on a straight-line basis as follows:

Leasehold improvements	1 to 20 years
Buildings	20 years
Office furniture and equipment	5 years and 10 years
Plant and warehouse equipment	5 years
Store equipment and fixtures	5 years
Motor vehicles	3 years

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible asset

The intangible asset consists of a trademark which is recorded at cost and amortized on a straight-line basis over a ten-year period.

Severance pay

A liability for severance pay is recorded in the accounts for all employees who have a vested right to receive such payment. No provision for severance pay liability is made for employees who have less than nine years of continual service.

Employee benefits

The Corporation and its employees are subject to the Public Service Pensions Act effective June 26, 1973. Pension contributions deducted from employees' salaries are matched by the Corporation and then remitted to the Province of Newfoundland Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Corporation's share of pension expense for the year is $1.3 million (2008 - $1.2 million).

Financial instruments

All financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are initially recorded in the balance sheet at fair value. In subsequent periods, loans and receivables, held-to-maturity investments and other financial liabilities are measured at amortized cost, held-for-trading financial assets and liabilities are measured at fair value and changes in fair value are recognized in net earnings, and available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired. All derivative instruments, including embedded derivatives, are recorded in the balance sheet at fair value unless they qualify for the normal sale, normal purchase exemption. All changes in their fair value are recorded in earnings unless cash flow hedge accounting is used, in which case changes in fair value are recorded in other comprehensive income (loss).

The Corporation classifies its financial assets and liabilities as follows:

Cash and cash equivalents are classified as held-for-trading financial assets. These assets are measured at fair value and changes in fair value are recognized in earnings.

Accounts receivable and beer commissions receivable are classified as loans and receivables and are measured at amortized cost, which is generally the amount on initial recognition.

Accounts payable and accrued liabilities, and accrued vacation pay are classified as other financial liabilities and are measured at amortized cost, which is generally the amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of the Corporation's financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

4. CHANGE IN ACCOUNTING POLICIES

Capital disclosures

On April 6, 2008, the Corporation adopted the Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 1535, "Capital Disclosures". The new standard requires disclosure of qualitative and quantitative information that enables users of financial statements to evaluate the Corporation's objectives, policies and processes for managing capital. As a result of implementing this standard, the Corporation has included the additional disclosure in Note 11 to the financial statements.

Financial instruments – disclosures and presentations

On April 6, 2008, the Corporation adopted the CICA Handbook Sections 3862, "Financial Instruments – Disclosures" and 3863, "Financial Instruments – Presentation". These sections replace existing Handbook Section 3861, "Financial Instruments – Disclosures and Presentation". Section 3862 requires disclosure by class of financial instruments that enables users to evaluate the significance of financial instruments for the Corporation's financial position and performance. Disclosures are also required of qualitative and quantitative information that enable users of financial statements to evaluate the nature and extent of the Corporation's exposure to the risks arising from financial instruments, specifically market, credit and liquidity risks and how the Corporation manages those risks. As a result of implementing this standard, the Corporation has included additional disclosure in Note 12 to the financial statements.

Section 3863 carries forward the presentation requirements of Section 3861 already adopted by the Corporation. As a result, the adoption of this Section had no impact on the financial statements.

Inventories

On April 6, 2008, the Corporation adopted CICA Handbook Section 3031, "Inventories", which has replaced Section 3030 with the same title. The new section establishes that inventory should be measured at the lower of cost and net realizable value, with guidance on the determination of cost. The adoption of this section had no financial impact on the financial statements.

5. RECENT ACCOUNTING POLICIES

In February 2008, the CICA issued Handbook Section 3064, "Goodwill and Intangible Assets", replacing Section 3062, "Goodwill and Other Intangible Assets" and Section 3450, "Research and Development Costs". The new section will be adopted April 5, 2009. It establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The provisions related to the definition and initial recognition of intangible assets, including internally generated intangible assets, are equivalent to the corresponding provisions of International Accounting Standard 38, "Intangible Assets". The adoption of this standard is not expected to have a material impact on the Corporation's future financial position or results of operations.

6. INVENTORIES

	April 4, 2009	April 5, 2008
	$	$
Head office	**15,894**	14,047
Branch stores	**10,065**	8,694
Stock in transit	**7,254**	4,357
Raw materials	**1,423**	1,643
	34,636	28,741

The total value of inventory expensed to cost of goods for the period ended April 4, 2009 was $74.9 million (2008 - $69.2 million).

7. CAPITAL ASSETS

	April 4, 2009		
	Cost	**Accumulated Amortization**	**Net Book Value**
	$	**$**	**$**
Land	**1,115**	**-**	**1,115**
Leasehold improvements	**14,127**	**7,121**	**7,006**
Buildings	**5,837**	**3,050**	**2,787**
Office furniture and equipment	**9,396**	**5,069**	**4,327**
Plant and warehouse equipment	**3,730**	**1,914**	**1,816**
Store equipment and fixtures	**3,403**	**2,244**	**1,159**
Motor vehicles	**48**	**26**	**22**
	37,656	**19,424**	**18,232**

7. CAPITAL ASSETS (continued)

	April 5, 2008		
	Cost	Accumulated Amortization	Net Book Value
	$	$	$
Land	1,115	-	1,115
Leasehold improvements	12,152	6,064	6,088
Buildings	5,582	2,850	2,732
Office furniture and equipment	7,173	4,051	3,122
Plant and warehouse equipment	3,726	1,463	2,263
Store equipment and fixtures	3,208	1,939	1,269
Motor vehicles	25	18	7
	32,981	16,385	16,596

During the period, the Corporation acquired capital assets in the amount of $5.0 million (2008 - $4.0 million).

8. INTANGIBLE ASSET

	April 4, 2009		
	Cost	**Accumulated Amortization**	**Net Book Value**
	$	**$**	**$**
Trademark	**203**	**201**	**2**

	April 5, 2008		
	Cost	Accumulated Amortization	Net Book Value
	$	$	$
Trademark	203	181	22

9. OBLIGATION UNDER CAPITAL LEASE

	April 4, 2009	April 5, 2008
	$	$
IBM Canada Limited, capital equipment lease, repaid during the period	-	55
Less: interest on obligations	-	3
	-	52
Less: current portion	-	52
	-	-

10. ADMINISTRATIVE AND OPERATING EXPENSES

	52 weeks ended April 4, 2009	53 weeks ended April 5, 2008
	$	$
Salaries and employee benefits	**22,797**	20,685
Express store commissions and expenses	**4,887**	4,695
Amortization	**3,425**	3,508
Rent and municipal taxes	**1,979**	1,773
Marketing	**1,707**	1,389
Interest, bank and payment card charges	**1,416**	1,047
Other	**6,246**	5,885
	42,457	38,982

11. CAPITAL MANAGEMENT

The Corporation defines capital that it manages as equity. The primary objectives of the Corporation's capital management are to safeguard the entity's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Corporation sets the amount of capital in proportion to risk. The Corporation manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Corporation may adjust the amount of dividends paid to shareholders.

12. FINANCIAL INSTRUMENTS

Market risk - foreign currency exposure

The Corporation purchases beverage alcohol internationally and is therefore exposed to market risks related to foreign currency exchange rate fluctuations. Such exposure arises from purchases of beverage alcohol in currencies other than Canadian dollars. Approximately 3% of the Corporation's purchases are denominated in currencies other than Canadian dollars. To perform a sensitivity analysis, the Corporation assessed the risk of loss in fair values due to the impact of hypothetical changes in foreign currency exchange rates on monetary assets and liabilities denominated in currencies other than Canadian dollars. The Corporation's primary exposures to foreign currency exchange rate fluctuations are in European Euro, U.S dollar, Australian dollar, U.K pound sterling and New Zealand dollar. For the 52 weeks ended April 4, 2009, the potential decrease or increase in earnings from a hypothetical instantaneous 10% increase or decrease in the April 4, 2009 quoted foreign currency spot rates applied to the above currency denominated monetary assets and liabilities included in the April 4, 2009 balance sheet would have been approximately $0.1 million. To mitigate the potential risk with respect to foreign currency exchange rate fluctuations, the Corporation periodically adjusts the landed cost of its products to account for changing foreign currency exchange rates. The Corporation's retail prices are calculated in reference to landed cost.

Credit risk

The Corporation is exposed to credit risk with respect to accounts receivable from customers. The Corporation provides products to a large customer base, which minimizes the concentration of credit risk. Only one customer accounted for 10% or more of the Corporation's accounts receivable at April 4, 2009 and April 5, 2008. The risk of non-collection from this customer is minimal. The Corporation has credit evaluation, approval and monitoring processes intended to mitigate potential credit risks, and utilizes internal and third party collections processes for overdue accounts. Accounts receivable balances related to Liquor Express Store operations are subject to General Security Agreements. The Corporation also maintains provisions for potential credit losses that are assessed on an ongoing basis.

Liquidity risk

The Corporation is exposed to liquidity risk with respect to its contractual obligations and financial liabilities. The Corporation manages liquidity risk by maintaining adequate cash and cash equivalents. The Corporation believes that cash and cash equivalents on hand and future cash flows generated by operations will be adequate to meet its financial obligations. All of the Corporation's financial liabilities are due within one year.

Fair values

Fair value estimates are made as of a specific point in time, using available information about the financial instruments and current market conditions. The estimates are subjective in nature involving uncertainties and judgment. The carrying values of financial instruments included in current assets and current liabilities on the balance sheet approximate their fair values, reflecting the short-term maturity and normal trade credit terms of these instruments.

13. LEASE COMMITMENTS

The Corporation has entered into rental leases covering retail outlets. Annual lease obligations for the next five years are as follows:

	$
2010	1,927
2011	1,799
2012	1,523
2013	1,187
2014	1,084
	7,520

14. RELATED PARTY TRANSACTIONS

The Corporation is leasing office and warehouse space in St. John's from the Department of Works, Services and Transportation. These leases are rent free; however, all operating, leasehold and maintenance costs related to the buildings are the responsibility of the Corporation.

15. PENSIONS

The Corporation and its employees are subject to the Public Service Pensions Act effective June 26, 1973. Pension contributions deducted from employees' salaries are matched by the Corporation and then remitted to the Province of Newfoundland Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Corporation's share of pension expense for the year is $1.3 million (2008 - $1.2 million).

NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION

FINANCIAL STATEMENTS

31 MARCH 2009

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Directors
Newfoundland and Labrador Municipal Financing
Corporation
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Municipal Financing Corporation as at 31 March 2009 and the statements of revenues, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
24 June 2009

NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION

BALANCE SHEET

31 March	2009	2008
	(000's)	(000's)
ASSETS		
Current		
Investment - coupons (at cost)	$ 1,109	$ 1,709
- earned interest receivable	1,383	2,111
Accounts receivable	6,277	5,748
Accrued interest receivable	1,072	1,518
Current portion of loans receivable (Note 2)	23,335	26,659
	33,176	37,745
Long-term investment - coupons	1,320	2,429
Long-term loans receivable (Note 2)	106,716	130,529
Deferred charges (Note 3)	283	397
	$ 141,495	$ 171,100
LIABILITIES AND SURPLUS		
Current		
Bank indebtedness	$ 12,763	$ 12,586
Accounts payable and accrued liabilities	74	78
Accrued interest payable	907	1,957
Current portion of debenture debt (Note 4)	20,466	31,218
Current portion of deferred revenue (Note 5)	89	115
	34,299	45,954
Long-term debenture debt (Note 4)	98,944	119,410
Long-term deferred revenue (Note 5)	171	120
Reserve fund (Note 6)	1,770	1,770
	135,184	167,254
Surplus	6,311	3,846
	$ 141,495	$ 171,100

Signed on behalf of the Board of Directors: ______________ **Chairperson** ______________ **Director**

NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION
STATEMENT OF REVENUES, EXPENSES AND SURPLUS

For the Year Ended 31 March	2009	2008
	(000's)	(000's)
REVENUES		
Interest on loans to municipal corporations	$ 11,218	$ 13,510
Sinking fund revenue	414	661
Short-term interest	210	391
Amortization of deferred revenue:		
Prepayment penalties	127	181
	11,969	14,743
EXPENSES		
Administrative and miscellaneous	134	180
Amortization of deferred charges:		
Issue expenses on debenture debt	80	98
Premiums and discounts on debenture debt	34	36
Interest on long-term debt	8,904	11,927
Interest - other	352	462
	9,504	12,703
Excess of revenues over expenses	2,465	2,040
Surplus, beginning of year	3,846	1,806
Surplus, end of year	$ 6,311	$ 3,846

NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION
STATEMENT OF CASH FLOWS

For the Year Ended 31 March	2009	2008
	(000's)	(000's)
Cash flows from operating activities		
Excess of revenues over expenses	$ 2,465	$ 2,040
Add (deduct) non-cash items:		
Sinking fund revenue	(414)	(661)
Amortization of prepayment penalties	(127)	(181)
Accrued interest income on coupons	(165)	(326)
Amortization of issue expenses on debenture debt	80	98
Amortization of premiums and discounts on debenture debt	34	36
	1,873	1,006
Change in non-cash working capital	(1,137)	(860)
	736	146
Cash flows from financing activities		
Retirement of debentures	(43,209)	(46,165)
Sinking fund payments	-	(300)
Assets transferred from sinking fund	12,405	-
Prepayment penalties received	152	-
	(30,652)	(46,465)
Cash flows from investing activities		
Investment - coupons redeemed	2,602	3,477
Loan payments received from municipal corporations	27,137	28,514
	29,739	31,991
Increase in bank indebtedness	(177)	(14,328)
Cash and term deposits (bank indebtedness), beginning of year	(12,586)	1,742
Bank indebtedness, end of year	$ (12,763)	$ (12,586)

Authority

Newfoundland and Labrador Municipal Financing Corporation (the Corporation) was created by the *Municipal Financing Corporation Act*. The Corporation was established to provide long-term financing for the capital requirements of municipal corporations by the issuance of its securities, and relending the funds to municipal corporations. The Corporation's affairs are managed by a Board of Directors appointed by the Lieutenant-Governor in Council. All board members are full-time employees of the Province of Newfoundland and Labrador (the Province).

1. Significant accounting policies

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Premiums, discounts and issue expenses on debenture debt

Premiums, discounts and issue expenses are deferred and amortized on a straight line basis over the life of the debenture issue to which they relate. In the case of the early retirement of debenture debt, a proportionate amount of the deferred balance is included with the gain or loss in the determination of net income for the period.

(b) Deferred revenue

Penalties are charged when municipal corporations prepay all or a portion of their loans with the Corporation. These penalties are deferred and amortized on a straight line basis over the average years remaining for these loans prior to payout.

2. Loans receivable

	2009 **(000's)**	2008 (000's)
Loans receivable from municipal corporations	**$ 130,051**	$ 157,188
Less: current portion	**(23,335)**	(26,659)
Long-term portion	**$ 106,716**	$ 130,529

2. Loans receivable (cont.)

Loans to municipal corporations are made on the security of their debentures. Provisions exist for the recovery from the Province of any defaults by municipal corporations. Therefore, no allowance for doubtful accounts has been provided.

Principal payments receivable in each of the next five (5) years are as follows:

Year	Amount (000's)
2010	$23,335
2011	$20,480
2012	$17,911
2013	$16,606
2014	$14,172

3. Deferred charges

	2009 (000's)	2008 (000's)
Issue expenses on debenture debt	$ 202	$ 282
Premiums and discounts on debenture debt	81	115
	$ 283	$ 397

4. Debenture debt

The Corporation's debenture debt is unconditionally and fully guaranteed as to principal, interest and sinking fund payments, if any, by the Province. Details of long-term debt outstanding at 31 March 2009 are as follows:

Series	Remaining Term	Interest Rate	**2009**	2008	
		%	**(000's)**	(000's)	
MFC-21			$ -	$ 15,000	
MFC-22	15 Jun 2009	10.500	**1,250**	2,500	(a)
MFC-30			-	2,000	
MFC-31			-	2,333	
MFC-32			-	2,000	
MFC-36	15 May 2009-10	9.550 - 9.600	**2,500**	3,750	(b)
MFC-37	10 Jan 2010-11	8.250 - 8.375	**4,000**	6,000	(c)
MFC-38	1 Jun 2009-13	5.750 - 6.000	**6,200**	7,400	(d)
MFC-39	16 Dec 2009-13	5.875 - 6.125	**5,000**	7,500	(e)
MFC-40	14 Dec 2009-14	6.700 - 6.850	**6,200**	7,400	(f)
MFC-41	17 Oct 2009-10	6.450 - 6.500	**2,600**	4,200	(g)
MFC-42	5 Apr 2009-11	5.750 - 5.900	**5,800**	7,300	(h)
MFC-43	20 Sep 2009-16	6.000 - 6.500	**18,400**	21,200	(i)
MFC-44	15 Mar 2010-17	5.625 - 6.125	**8,000**	9,000	(j)
MFC-45	26 Mar 2010-13	4.875 - 5.375	**16,000**	18,000	(k)
MFC-46	15 Feb 2012	5.200	**10,000**	10,000	
MFC-47	17 Mar 2010-19	4.125 - 5.200	**12,660**	13,936	(l)
MFC-48	29 Mar 2010-20	4.100 - 5.200	**20,800**	23,100	(m)
Total			**119,410**	162,619	
Less: sinking funds			**-**	(11,991)	
Net debenture debt			**119,410**	150,628	
Less: current portion			**(20,466)**	(31,218)	
Long-term portion			**$ 98,944**	$ 119,410	

4. Debenture debt (cont.)

(a) MFC-22: On 15 June 2009, the Corporation is to redeem $1,250,000.

(b) MFC-36: On 15 May of each year, the Corporation is to redeem $1,250,000 in the years 2009 to 2010 inclusive.

(c) MFC-37: On 10 January of each year, the Corporation is to redeem $2,000,000 in the years 2010 to 2011 inclusive.

(d) MFC-38: On 1 June of each year, the Corporation is to redeem $1,200,000 in the year 2009 and $1,250,000 in the years 2010 to 2013 inclusive.

(e) MFC-39: On 16 December of each year, the Corporation is to redeem $1,000,000 in the years 2009 to 2013 inclusive.

(f) MFC-40: On 14 December of each year, the Corporation is to redeem $1,200,000 in the year 2009 and $1,000,000 in the years 2010 to 2014 inclusive.

(g) MFC-41: On 17 October of each year, the Corporation is to redeem $1,600,000 in the year 2009 and $1,000,000 in the year 2010.

(h) MFC-42: On 5 April of each year, the Corporation is to redeem $1,600,000 in the year 2009, $1,700,000 in the year 2010 and $2,500,000 in the year 2011.

(i) MFC-43: On 20 September of each year, the Corporation is to redeem $2,800,000 in the years 2009 to 2011 inclusive and $2,000,000 in the years 2012 to 2016 inclusive.

(j) MFC-44: On 15 March of each year, the Corporation is to redeem $1,000,000 in the years 2010 to 2017 inclusive.

(k) MFC-45: On 26 March of each year, the Corporation is to redeem $2,000,000 in the years 2010 to 2012 inclusive and $10,000,000 in the year 2013.

(l) MFC-47: On 17 March of each year, the Corporation is to redeem $1,266,000 in the years 2010 to 2019 inclusive.

(m) MFC-48: On 29 March of each year, the Corporation is to redeem $2,300,000 in the years 2010 to 2015 inclusive and $1,400,000 in the years 2016 to 2020 inclusive.

4. Debenture debt (cont.)

Estimated debenture maturities over the next five (5) years are as follows:

Year Ending 31 March	Debenture Maturities
	(000's)
2010	$20,466
2011	$18,566
2012	$25,116
2013	$19,816
2014	$ 9,816

Debenture maturities reflect only securities maturing without sinking funds.

5. Deferred revenue

	2009	2008
	(000's)	(000's)
Deferred revenue	**$ 260**	$ 235
Less: current portion	**(89)**	(115)
Long-term portion	**$ 171**	$ 120

6. Reserve fund

The Province has historically funded a reserve fund established to mitigate arrears with respect to municipal loans. The reserve fund is allocated as the Department of Municipal Affairs concludes negotiations with various municipal corporations with respect to restructuring debt due to the Corporation. There has been no funding of the reserve nor allocation to municipalities since March 2006. The year end reserve fund balance is as follows:

	2009	2008
	(000's)	(000's)
Reserve fund balance	**$ 1,770**	$ 1,770

7. Financial instruments

The Corporation's short-term financial instruments recognized on the balance sheet consist of short-term investments, accounts receivable, accrued interest receivable, bank indebtedness, accounts payable and accrued liabilities, and accrued interest payable. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them. Since provisions exist for the recovery from the Province of any defaults by municipal corporations there is no credit risk associated with the Corporation's accounts receivable.

The Corporation's long-term financial instruments recognized on the balance sheet consist of long-term investments, long-term loans receivable and long-term debenture debt. The Corporation's policy is to hold its long-term investments to maturity, therefore their reported value is current fair value to the Corporation. Since provisions exist for the recovery from the Province of any defaults by municipal corporations there is no credit risk associated with the Corporation's long-term loans receivable and therefore, the amount presented in the balance sheet is the same as current fair value of the asset.

The majority of the Corporation's long-term debt is issued as serial debentures which are redeemed over a number of years at varying interest rates. In addition, the Corporation's long-term debenture debt was used to finance loans to the Province's various municipalities. The rates charged by the Corporation to these municipalities were calculated using the rates the Corporation was required to pay on its related debenture debt plus an additional percentage. Because provisions exist for the recovery from the Province of any defaults by municipal corporations and because the long-term debenture debt of the Corporation is specifically tied to these receivables, the long-term debenture debt as presented in the balance sheet is presented at current fair value and the Corporation is not subject to any rate risk relating to this debt.

8. Economic dependence

As a result of cost-sharing arrangements, the loans receivable from municipal corporations disclosed in Note 2 are serviced by both the municipal corporations and the Province. Due to the nature of these arrangements, the Province is in effect repaying a significant portion of the loans owing to the Corporation. Provisions exist for the recovery from the Province of any defaults by municipal corporations.

The Corporation's debentures are fully guaranteed by the Province as to principal, interest and sinking fund payments, if any. As at 31 March 2009, this guarantee covered net debenture debt and accrued interest totalling $120,317,000 (2008 - $152,585,000).

As a result, the Corporation's continued existence is dependent upon the decisions of the Province.

9. Related party transactions

The Corporation is administered by employees of the Department of Finance. The salary costs of these employees are paid by the Department of Finance, reimbursed by the Corporation, and are reflected in these financial statements.

10. Income taxes

The Corporation is a Crown corporation of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

11. Planned wind down of operations

The Province of Newfoundland and Labrador has decided that it will no longer refinance its portion of completed municipal capital projects through the Corporation. As a result, the Corporation will be winding up its operations over the coming years as it collects its loans receivable and repays its debenture debt.

Newfoundland Hardwoods Limited

Auditors Report
Financial Statements
Year ended March 31, 2009

AUDITOR'S REPORT

To the Shareholders of Newfoundland Hardwoods Limited

I have audited the balance sheet of Newfoundland Hardwoods Limited as at March 31, 2009 and the statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2009 and the results of its operations and the cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

CHARTERED ACCOUNTANT

Clarenville, Newfoundland
June 17, 2009

NEWFOUNDLAND HARDWOODS LIMITED

Balance Sheet

March 31, 2009

	2009	2008
Assets		
Current assets:		
Cash and term deposits	$ 120,858	122,296
Harmonized sales tax receivable	--	487
Total current assets	$ 120,858	122,783
Liabilities and Shareholders' Equity		
Current liabilities:		
Payables and accruals	$ 1,500	1,500
Total current liabilities	1,500	1,500
Contingent losses (Note 2)	--	--
Commitments (Note 3)	--	--
Shareholders' equity:		
Common shares of no par value		
Authorized an unlimited number; issued and fully paid at stated value, 253 shares	25,300	25,300
Retained earnings, per accompanying statement	94,058	95,983
Total shareholders' equity	119,358	121,283
	$ 120,858	122,783

Approved: ______________________ Director

______________________ Director

NEWFOUNDLAND HARDWOODS LIMITED

Statement of Income and Retained Earnings

Year ended March 31, 2009

	2009	2008
Revenue	$ --	--
Administrative expenses:		
Bank charges	15	12
Professional and consulting fees	1,850	1,775
Licences and fees	75	961
	1,940	2,748
Operating loss	(1,940)	(2,748)
Interest income	15	--
Net loss	(1,925)	(2,748)
Retained earnings, beginning of year	95,983	98,731
Retained earnings, end of year	$ 94,058	95,983

NEWFOUNDLAND HARDWOODS LIMITED

Statement of Cash Flows

Year ended March 31, 2009

	2009	2008
Cash provided by operating activities:		
Net loss	$ (1,925)	(2,748)
Changes in non-cash working capital balances:		
Harmonized sales tax receivable	487	(249)
Decrease in cash	(1,438)	(2,997)
Cash, beginning of year	122,296	125,293
Cash, end of year	$ 120,858	122,296

NEWFOUNDLAND HARDWOODS LIMITED

Notes to the Financial Statements

March 31, 2009

1. Divestiture:

During the 1996 fiscal year the company sold the property and equipment and inventory relating to its wood preservation and asphalt manufacturing operations. The Company has consequently ceased commercial operations.

2. Contingent losses:

Environmental concerns:

The Government of Newfoundland and Labrador, through an environmental indemnity, has released the current owner of any and all present and future liabilities which may result from the presence, release, loss, discharge, leakage or spillage of hazardous material on, at or from the properties formerly owned and operated by Newfoundland Hardwoods Limited up to the date of the said agreements.

3. Commitments:

The company had committed to the dismantling and removal of five surplus storage tanks from the present location. As of the balance sheet date, four of these tanks have been removed and the costs of such have been reflected in these financial statements.

Grant Thornton

Consolidated Financial Statements

Newfoundland Ocean Enterprises Limited

March 31, 2009

Grant Thornton

Auditors' report

Grant Thornton LLP
187 Kenmount Road
St. John's, NL
A1B 3P9

T (709) 722-5960
F (709) 722-7892
www.GrantThornton.ca

To the Shareholders of

Newfoundland Ocean Enterprises Limited

We have audited the consolidated balance sheet of Newfoundland Ocean Enterprises Limited at March 31, 2009 and the consolidated statements of loss and deficit and cash flows for the year then ended. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland and Labrador

June 4, 2009

Chartered Accountants

Newfoundland Ocean Enterprises Limited

Consolidated Statements of Loss and Deficit

Year Ended March 31	2009	2008
Revenue		
Recoveries and sundry	$ 1,437	$ 2,700
Expenses		
Interest	83	81
Other costs	5,345	4,375
	5,428	4,456
Net (loss) earnings	$ (3,991)	$ (1,756)
Deficit, beginning of year	$ (90,746,142)	$ (90,744,386)
Net (loss) earnings	(3,991)	(1,756)
Deficit, end of year	$ (90,750,133)	$ (90,746,142)

Newfoundland Ocean Enterprises Limited

Consolidated Balance Sheet

March 31	2009	2008
Assets		
Current		
Cash and cash equivalents	$ 67,783	$ 72,401
Liabilities		
Current		
Payables and accruals	$ 14,916	$ 15,543
Shareholders' Equity		
Capital stock (Note 3)	3,000	3,000
Contributed surplus (Note 4)	90,800,000	90,800,000
Deficit	(90,750,133)	(90,746,142)
	52,867	56,858
	$ 67,783	$ 72,401

Contingency (Note 5)

On behalf of the Board

__________ Director __________ Director

Newfoundland Ocean Enterprises Limited
Consolidated Statement of Cash Flows

Year Ended March 31	2009	2008
Increase (decrease) in cash and cash equivalents		
Operating		
Net loss	$ (3,991)	$ (1,756)
Change in non-cash operating working capital	(627)	1,672
	(4,618)	(84)
Net decrease in cash and cash equivalents	(4,618)	(84)
Cash and cash equivalents		
Beginning of year	72,401	72,485
End of year	$ 67,783	$ 72,401

1. Operations

The Company ceased active operations on January 1, 1998.

2. Summary of significant accounting policies

Basis of presentation

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Significant accounting policies are set out below.

Principles of consolidation

The consolidated financial statements include the accounts of Newfoundland Ocean Enterprises Limited, its wholly owned subsidiaries Marystown Shipyard Limited and Vinland Industries Limited, and Vinland Industries, a Limited Partnership.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of any overdrafts. Bank borrowings are considered to be financing activities.

3. Capital stock

	2009	2008
Authorized		
An unlimited number of common shares of no par value		
Issued		
3 shares	$ 3,000	$ 3,000

4. Contributed surplus

In 2005, the Government of Newfoundland and Labrador advanced funds to the Company in the amount of $5,400,000 to retire the operating loan.

In 1999, the Government of Newfoundland and Labrador advanced funds to the Company in the amount of $85,400,000 to retire the bankers' acceptances and certain other debt.

5. Contingency

The Company is a party to an agreement dated March 27, 2002 assigning an Environmental Indemnity Agreement (the "Agreement") effective December 31, 1997 between the Government of Newfoundland and Labrador, Friede Goldman Marystown Limited and the Company to Peter Kiewitt Sons Co. Ltd.

On May 15, 2009 the Government of Newfoundland and Labrador received notice from Kiewitt Offshore Services of a potential claim under the Agreement concerning the shipyard facilities. No provision has been made for this claim since an estimate of the costs is not determinable at this time. Further, per the agreement the Government of Newfoundland and Labrador will be responsible for any liability, if any.

6. Financial instruments

Fair values of financial instruments are disclosed in the notes to the financial statements when they differ from the carrying amounts. Where amounts receivable and payable are subject to normal credit terms, their carrying amount is used as an approximation of their fair values.

NEWVEST REALTY CORPORATION

FINANCIAL STATEMENTS

31 DECEMBER 2008

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Shareholder
Newvest Realty Corporation

I have audited the balance sheet of Newvest Realty Corporation as at 31 December 2008 and the statements of income and retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all materials respects, the financial position of the Corporation as at 31 December 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
30 April 2009

NEWVEST REALTY CORPORATION
BALANCE SHEET

31 December	2008	2007
	(000's)	(000's)
ASSETS		
Income producing properties (Note 2)	$ 177,149	$ 149,307
Deferred charges (Note 3)	5,016	4,521
Prepaid expenses	238	202
Accounts receivable	987	633
Cash and short-term investments	9,482	7,724
	$ 192,872	$ 162,387
LIABILITIES AND EQUITY		
Mortgages payable (Note 4)	$ 71,822	$ 71,384
Accounts payable and accrued liabilities	5,172	6,218
Dividends payable (Note 5)	1,200	1,600
	78,194	79,202
Shareholder's equity		
Share capital (Note 6)	98,451	68,941
Retained earnings	16,227	14,244
	114,678	83,185
	$ 192,872	$ 162,387
Equity per share (Note 6)	$ 11.65	$ 12.07

See accompanying notes

Signed on behalf of the Board:

Chairperson

Director

NEWVEST REALTY CORPORATION

STATEMENT OF INCOME AND RETAINED EARNINGS

For the Year Ended 31 December	2008	2007
	(000's)	(000's)
Income		
Rents and parking	**$ 14,934**	$ 14,425
Expense recoveries from tenants	**5,326**	4,809
Recovery on sale of income producing property	**-**	2,449
Investment and other income	**200**	172
	20,460	21,855
Less: Operating expenses (Note 7)	**7,404**	7,132
Operating income	**13,056**	14,723
Other expenses		
Administrative costs	**236**	180
Amortization of deferred charges	**864**	863
Asset management fees	**559**	526
Loss on sale of income producing property (Note 2)	**2,273**	-
Mortgage interest	**4,094**	4,157
Participation fee (Note 8)	**7**	1,963
	8,033	7,689
Net income for the year	**5,023**	7,034
Retained earnings, beginning of year	**14,244**	8,810
Dividends (Note 5)	**(3,040)**	(1,600)
Retained earnings, end of year	**$ 16,227**	$ 14,244

NEWVEST REALTY CORPORATION

STATEMENT OF CASH FLOWS

For the Year Ended 31 December	2008	2007
	(000's)	(000's)
Cash flows from operating activities		
Net income for the year	$ 5,023	$ 7,034
Items not affecting cash		
Amortization of deferred charges	864	863
Loss (recovery) on sale of income producing property (Note 2)	2,273	(2,449)
Changes in non-cash working capital		
Accounts receivable	(354)	263
Prepaid expenses	(36)	116
Accounts payable and accrued liabilities	(1,046)	1,490
	6,724	7,317
Cash flows from investing activities		
Acquisition of income producing properties	(47,043)	-
Additions to income producing properties	(5,560)	(3,297)
Proceeds from disposal of income producing property (Note 2)	22,488	12,309
	(30,115)	9,012
Cash flows from financing activities		
Deferred charges	(1,359)	(1,925)
Mortgage advances	13,050	1,975
Mortgage principal repayments	(12,612)	(8,082)
Dividends (Note 5)	(3,440)	-
Issuance of common shares (Note 6)	39,270	-
Cancellation of common shares (Note 6)	(9,760)	(4,349)
	25,149	(12,381)
Increase in cash and short-term investments during the year	1,758	3,948
Cash and short-term investments, beginning of year	7,724	3,776
Cash and short-term investments, end of year	$ 9,482	$ 7,724

Authority

Newvest Realty Corporation was incorporated on 9 August 2001 under the provisions of the *Canada Business Corporations Act*. It is also registered under the *Corporations Act* of the Province of Newfoundland and Labrador. The Corporation has its headquarters in Toronto, Ontario. All shares of the Corporation are held by the Province of Newfoundland and Labrador Pooled Pension Fund (the Fund). Board members are appointed by the Pension Investment Committee of the Fund. The purpose of the Corporation is to invest monies received from the Fund in Canadian real estate property.

The Corporation has an Investment Services Agreement with Bentall Limited Partnership dated 30 June 2001, under which Bentall Limited Partnership is responsible for the acquisition, disposal, leasing and management of real estate properties and performance of all administrative functions on behalf of the Corporation.

1. Significant accounting policies

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Cash and short-term investments represent unrestricted cash and highly liquid money-market investments.

(b) Income producing properties held for investment are recorded at cost. Amortization is not recorded on properties as it is not considered meaningful when the objective of the business is to acquire, develop and hold property for eventual sale. The Corporation capitalizes all direct costs relating to the acquisition of all properties. Leasing costs are capitalized and amortized on a straight-line basis over the term of the respective lease.

(c) The Corporation accounts for its investments in co-ownerships on a proportionate consolidation basis whereby the Corporation includes its pro-rata share of the assets, liabilities, revenue and expenses of the co-ownerships on a line-by-line basis. (See Note 9).

(d) Rental revenue includes rents from tenants under leases, property tax and operating cost recoveries, parking income and incidental income. Rental revenue with respect to rents from tenants under leases is recognized on a straight-line basis over the term of the lease.

(e) The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires that management make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management believes that the estimates utilized in preparing these financial statements are reasonable and prudent; however, actual results may differ from these estimates.

(f) The Corporation defers and amortizes financing costs over the term of the related mortgages.

2. Income producing properties

For investment information purposes all properties are presented below at both cost and appraised values. Appraised values are in accordance with the Corporation's appraisal policy which requires that properties be appraised at least once every two years by professionally qualified independent appraisers. The external appraisals are completed in six month cycles on approximately one quarter of the Corporation's portfolio. The properties that are not externally appraised during each six month cycle are appraised by Bentall Limited Partnership.

		2008		2007	
		Cost or Value (000's)	**Appraised Value (000's)**	Cost or Value (000's)	Appraised Value (000's)
(a)	Bayview Chateau and White Rock Gardens, White Rock, British Columbia	**$ 10,111**	**$ 12,800**	$ 9,854	$ 13,710
(b)	Sperling Plaza, Burnaby, British Columbia	**16,151**	**24,500**	16,151	24,100
(c)	2 Silver Maple Court, Brampton, Ontario (See calculation of value below)	**-**	**-**	23,786	24,100
(d)	Park and Tilford Shopping Centre, North Vancouver, British Columbia	**41,993**	**50,000**	37,390	47,650
(e)	TD Creekside Corporate Centre (50% interest), Mississauga, Ontario	**29,284**	**33,500**	29,284	34,000
(f)	2001 Bantree (50% interest), Ottawa, Ontario	**10,421**	**10,350**	10,421	11,200
(g)	Thunder Centre (50% interest), Thunder Bay, Ontario	**15,109**	**15,950**	15,354	16,200
(h)	Centre 5735, Calgary, Alberta	**7,037**	**7,200**	7,067	7,500
(i)	4500 Cousens Road, St. Laurent, Quebec	**6,687**	**6,687**	-	-
(j)	4500 Chemin Bois Franc, St. Laurent, Quebec	**4,533**	**4,533**	-	-
(k)	Faubourg Bois Franc, St. Laurent, Quebec	**15,746**	**15,746**	-	-
(l)	Vintage Park, Calgary, Alberta	**20,077**	**20,077**	-	-
		$ 177,149	**$ 201,343**	$ 149,307	$ 178,460

2. Income producing properties (cont.)

2 Silver Maple Court

On 27 October 2008, 2 Silver Maple Court was sold at a loss of $2,273,000.

	(000's)
2 Silver Maple Court - 31 December 2007	$ 23,786
Add: Capital additions - 2008	780
Reported value at sale - 27 October 2008	24,566
Add: Financing cost and mortgage premium written off	195
Less: Proceeds of sale	(22,488)
Loss on sale	$ 2,273

3. Deferred charges

Deferred charges consist of costs incurred, net of accumulated amortization, with respect to obtaining debt financing, leasing and potential acquisitions. Amortization is recorded on a straight line basis over the term of the respective credit facility or over the remaining term of the respective leases to which the costs relate.

	2008			2007
	Cost (000's)	**Accumulated Amortization (000's)**	**Net Carrying Value (000's)**	Net Carrying Value (000's)
Tenant inducements and leasing costs	**$ 3,898**	**$ 2,275**	**$ 1,623**	$ 1,786
Deferred financing costs	**82**	**41**	**41**	255
Deferred recoverable expenditures	**2,158**	**417**	**1,741**	1,104
Deferred lease revenue	**1,611**	**-**	**1,611**	1,376
	$ 7,749	**$ 2,733**	**$ 5,016**	$ 4,521

The Corporation's practice has been to record certain capital and maintenance costs, recoverable under the tenant leases over specified periods of time, as deferred recoverable expenditures. These costs are amortized on a matching basis with the corresponding expense recoveries from tenants. Effective for the 2009 year, as a result of amendments to Canadian Institute of Chartered Accountants (CICA) Section 1000 (Financial Statement Concepts) and new CICA Section 3064 (Goodwill and Intangible Assets), deferred recoverable expenditures will no longer qualify as intangible assets and must either be expensed or capitalized to properties. At 31 December 2008, there were $1,741,000 of unamortized deferred recoverable expenditures. The Corporation is currently analyzing this account and other deferred charges to determine appropriate presentation.

4. Mortgages payable

Mortgages payable represent financing obtained by the Corporation for the acquisition of income producing properties. For investment information purposes, principal values and appreciated values are shown. Appreciated value is the mortgage's market value based on the discounted future cash payments using current or similar market interest rates. Details are as follows:

	2008		2007	
	Principal Value	**Appreciated Value**	Principal Value	Appreciated Value
	(000's)	**(000's)**	(000's)	(000's)
(a) Bayview Chateau and White Rock Gardens, White Rock, British Columbia. Mortgage, held by The Great-West Life Assurance Company, repayable in monthly installments of $26,705, including interest calculated at a rate of 5.58% per annum, maturing 1 July 2012, secured by a conventional first mortgage, a general security agreement, and a general assignment of rents.	**$ 4,223**	**$ 4,297**	$ 4,308	$ 4,308
(b) 2 Silver Maple Court, Brampton, Ontario. Mortgage, held by The Great-West Life Assurance Company, repayable in monthly installments of $90,207, including interest calculated at a rate of 5.68% per annum, maturing 1 February 2013.	**-**	**-**	11,036	11,392
(c) Park and Tilford Shopping Centre, North Vancouver, British Columbia. Mortgage, held by The Great-West Life Assurance Company, repayable in monthly installments of $137,927, including interest calculated at a rate of 5.88% per annum, maturing 1 September 2010.	**19,421**	**19,820**	19,931	20,165
(d) TD Creekside Corporate Centre, Mississauga Ontario. Mortgage (50% interest), held by Metropolitan Life Insurance Company, repayable in monthly installments of $115,194, including interest calculated at a rate of 5.71% per annum, maturing 1 July 2014, secured by a freehold first mortgage and charge on the property, a general security agreement, a first general assignment of rents, and a first specific assignment of a tenant lease.	**16,808**	**17,022**	17,228	17,421

4. Mortgages payable (cont.)

	2008		2007	
	Principal Value	**Appreciated Value**	Principal Value	Appreciated Value
	(000's)	**(000's)**	(000's)	(000's)
(e) 2001 Bantree, Ottawa, Ontario. Mortgage (50% interest), held by Equitable Life, repayable in monthly installments of $38,816, including interest calculated at a rate of 5.09% per annum, maturing 1 August 2015, secured by a first mortgage and charge on the property, a first general assignment of leases and rents, a first specific assignment of leases, a first general security agreement of assets of the property, and assignment of insurance proceeds and endorsements to all policies.	**6,135**	**5,970**	6,288	6,142
(f) Thunder Centre, Thunder Bay, Ontario. Mortgage (50% interest), held by CIBC, repayable in monthly installments of $53,718, including interest calculated at a rate of 5.743% per annum, maturing 1 September 2015, secured by a first mortgage and charge on the property, a first general assignment of leases and rents, a specific assignment of leases, assignment of the head lease with the vendor, and assignment of the letter of credit relative to the head lease.	**8,037**	**8,037**	8,226	8,226
(g) Centre 5735, Calgary, Alberta. Mortgage, held by Equitable Life, repayable in monthly installments of $26,630, including interest calculated at a rate of 5.28% per annum, maturing 1 December 2016, secured by a first mortgage and charge on the property, and a general security agreement.	**4,273**	**4,142**	4,367	4,297

4. Mortgages payable (cont.)

	2008		2007	
	Principal Value	**Appreciated Value**	Principal Value	Appreciated Value
	(000's)	**(000's)**	(000's)	(000's)
(h) 4500 Chemin Bois Franc, St. Laurent, Quebec. Mortgage, held by TD Canada Trust, repayable in full on 26 January 2009 at an amount of $2,401,000, including interest calculated at a rate of 5.40% per annum.	**2,401**	**2,401**	-	-
(i) Faubourg Bois Franc, St. Laurent, Quebec. Mortgage, held by CIBC Mortgages Inc., repayable in monthly installments of $57,238, including interest calculated at a rate of 5.00% per annum, maturing 1 September 2017, secured by a first hypothec for registration against title to the properties in the amount of $10,725,000, a general immovable hypothec of rents being a first priority interest in rents payable and the insurance indemnities on such rents, a movable hypothec of the lease(s), and a movable hypothec in the amount of $10,725,000 being a first priority interest in all present and future personal or movable property corporeal or incorporeal of the Borrower.	**10,524**	**10,524**	-	-
	$ 71,822	**$ 72,213**	$ 71,384	$ 71,951

Annual principal repayments totalling $32.0 million (2007 - $31.7 million) to be made during the next five years are as follows:

	(000's)
2009	$ 4,100
2010	20,101
2011	1,290
2012	5,193
2013	1,325
	$ 32,009

5. Dividends payable

Dividends are payable on a resolution of the Board to the holder of common shares on a quarterly basis based on the net income for the quarter ended, less reasonable reserves as determined by Bentall Limited Partnership, divided by the number of issued and outstanding common shares.

	2008	2007
	(000's)	(000's)
Dividends payable, beginning of year	**$ 1,600**	$ -
Dividends declared	**3,040**	1,600
Dividends paid	**(3,440)**	-
Dividends payable, end of year	**$ 1,200**	$ 1,600

6. Share capital

The authorized capital of the Corporation consists of an unlimited number of common shares without par value. The shares may be issued only to the Province of Newfoundland and Labrador Pooled Pension Fund. The sale, transfer or other disposition of common shares is restricted.

Changes in share capital are as follows:

	2008		2007	
	Number of shares	**Amount**	Number of shares	Amount
		(000's)		(000's)
Issued and outstanding, beginning of year	**6,894,100**	**$ 68,941**	7,329,000	$ 73,290
Issued during the year for cash	**3,927,000**	**39,270**	-	-
Cancelled during the year for cash	**(976,000)**	**(9,760)**	(434,900)	(4,349)
Issued and outstanding, end of year	**9,845,100**	**$ 98,451**	6,894,100	$ 68,941

Equity per share is calculated as net asset value divided by the number of shares issued and outstanding at year end. At 31 December 2008, equity per share was $11.65 (2007 - $12.07).

7. Operating expenses

Operating expenses consist of:

	2008 **(000's)**	2007 (000's)
Elevator, HVAC and plumbing	**$ 305**	$ 302
Exterior grounds	**613**	614
General administrative	**356**	330
Insurance	**192**	185
Janitorial	**341**	293
Management fees	**590**	572
Miscellaneous	**109**	119
Non-recoverable property expenses	**236**	217
Parking lot	**201**	180
Property taxes	**3,172**	2,791
Repairs and maintenance	**142**	183
Security	**170**	187
Utilities	**977**	1,159
	$ 7,404	$ 7,132

8. Participation fee

Section 1.4 of Schedule 3 to the Investment Services Agreement with Bentall Limited Partnership dated 30 June 2001 provides for the payment of a participation fee to Bentall Limited Partnership by the Corporation. This participation fee shall be calculated and paid semi-annually on the fiscal year end of the Corporation and on that date which is six months thereafter. The calculation of the participation fee is based on the Corporation's performance as it relates to preset hurdle rates. A participation fee of $6,968 (2007 - $1,963,060) has been calculated for 2008. The calculation of this fee is based mainly on the increase in market values of the income producing properties.

9. Co-ownerships

The following amounts represent the Corporation's proportionate interest in unincorporated co-ownerships. These are included in the amounts presented on the balance sheet and the statement of income and retained earnings.

	2008	2007
	(000's)	(000's)
Assets	**$ 55,607**	$ 61,600
Liabilities	**31,467**	33,163
Income	**5,735**	5,611
Operating expenses	**1,662**	1,458
Mortgage interest	**1,728**	1,653

10. Related party transactions

During the year, charges of $1,371,228 (2007 - $2,936,073) were incurred for services from Bentall Limited Partnership, a related party. These amounts are incurred in the normal course of business and are measured at the amount of consideration established and agreed to by the related parties.

These amounts are charged in these financial statements to income producing properties, operating expenses, asset management fees and participation fee.

11. Financial instruments

The Corporation's financial instruments recognized on the balance sheet consist of cash and short-term investments, accounts receivable, accounts payable and accrued liabilities, mortgages payable and dividends payable. The carrying values of these instruments approximate current fair value due to their nature and the terms and conditions associated with them. Interest rates on the mortgages payable are fixed to maturity. Therefore, the carrying values of these long-term financial instruments approximate their fair value and these instruments are not subject to any material interest rate risk.

12. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

13. Comparative figures

Certain figures in the 2007 financial statements have been reclassified to conform with the basis of presentation used in 2008.

NOVA CENTRAL SCHOOL DISTRICT

AUDITORS' REPORT

FINANCIAL STATEMENTS - JUNE 30, 2008

Walters Hoffe
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Members of the **Nova Central School District**

We have audited the balance sheet of the current and capital funds of the **Nova Central School District** as at June 30, 2008, and the related statements of current revenues, expenditures and Board deficiency, and statement of changes in capital fund position for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2008, and the results of its operations and the changes in its capital financial position for the year then ended in accordance with the basis of accounting and as explained in Note 1 to the financial statements, which is in compliance with reporting requirements established for school boards in the Province of Newfoundland and Labrador by the Department of Education.

As required by Section 66(2) of the Schools Act, 1997, we report that all employees collecting, receiving and depositing cash are adequately bonded.

These financial statements, which have not been, were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are intended for the information and use of the Board and the Province of Newfoundland and Labrador and may not be appropriate for any other purpose.

Walters Hoffe
Chartered Accountants

Gander, Newfoundland

October 30, 2008

Nova Central School District
Balance Sheet

Year ended June 30	2008	2007
Assets		
Current Assets		
Cash (Supp. Info 1)	$ 3,557,619	$ 1,645,742
Accounts Receivable (Note 2)	12,739,626	12,246,460
Inventory, at cost	5,723	9,968
Prepaid Expenses (Supp. Info 3)	339,388	382,910
Total Current Assets	16,642,356	14,285,080
Restricted Cash - Scholarship Contributions	659,192	643,510
Property and Equipment (Sch. 8)	183,131,606	176,174,490
	$ 200,433,154	$ 191,103,080
Liabilities and Board Equity		
Current Liabilities		
Bank indebtedness (Note 3)	$ -	$ -
Accounts Payable and Accruals (Note 4)	14,943,753	12,744,475
Current Maturities (Sch. 9B)	1,226,743	1,401,795
Total Current Liabilities	16,170,496	14,146,270
Scholarship Contributions	659,192	643,510
Long Term Debt (Sch. 9)	7,629,557	8,886,045
Accrued Support Staff Severance	2,851,757	2,654,673
Accrued Teacher Severance	17,531,326	17,340,595
Board Equity		
Investment in Capital Assets (Note 6)	174,275,313	165,886,654
Board Deficiency (Note 8)	(18,684,487)	(18,454,667)
Total Board Equity	155,590,826	147,431,987
Commitments (Note 7)		
	$ 200,433,154	$ 191,103,080

Approved: Thomas Kendell Chairperson

Treasurer

Nova Central School District
Statement of Current Revenues, Expenditures and Board Deficiency

Year Ended June 30	2008	2007
Current Revenues (Schedule 1)		
Local Taxation		
Provincial Government Grants	$ 121,082,920	$ 113,563,587
Donations		
Ancillary Services	40,920	56,580
Miscellaneous	1,147,928	1,590,373
	$ 122,271,768	115,210,540
Current Expenditures		
Administration (Schedule 2)	$ 3,319,980	$ 2,963,083
Instruction (Schedule 3)	94,584,630	89,660,418
Operations and Maintenance (Schedule 4)	13,656,450	11,946,084
Pupil Transportation (Schedule 5)	10,703,414	10,287,891
Ancillary Services (Schedule 6)	37,450	-
Interest Expense (Schedule 9C)	8,933	33,471
Miscellaneous Expenses (Schedule 7)	-	-
	122,310,857	114,890,947

23 111

	2008	2007
Excess (Deficiency) of Revenue over Expenditure Before Teacher Severance, Summer Pay and Transfer to Capital	$ (39,089)	$ 319,593
Teacher Severance	(190,731)	(178,383)
Teacher Summer Pay	-	9,833,925
Transfer to Capital	-	-
Net Increase (Decrease) in Board Equity	$ (229,820)	$ 9,975,135
Board Deficit, beginning of period	(18,454,667)	(28,429,802)
Board Deficit, end of period	$ (18,684,487)	$ (18,454,667)

Nova Central School District
Statement of Changes in Capital Fund

Year ended June 30		2008	2007
70	Capital Receipt		
71	Proceeds from Bank Loans		
011	School Construction	$ -	$ -
012	Equipment		-
013	Service Vehicles	11,694	45,650
014	Pupil Transportation	-	3,519,797
015	Other - Energy Performance Contracting		-
			-
72	Department of Education Grants		-
011	School Construction and Equipment	6,519,914	6,137,157
012	Other	275,414	226,643
73	Donations		
011	Cash Receipts	-	-
012	Non-Cash Receipts	-	-
013	Restricted Use	-	-
74	Sale of Capital Assets Proceeds		
011	Land		-
012	Buildings		151,175
013	Equipment	500	-
014	Service Vehicles		1,741
015	Pupil Transportation Vehicles		805
016	Other		
75	Other Capital Revenues		
011	Interest on Capital Fund Investments		-
012	Premiums on Debentures		-
013	Recoveries of Expenditures	290,329	168,306
015	Insurance Proceeds		-
017	Miscellaneous		-
Total Capital Receipts			
77	Transfer from Reserve Account		
78	Transfer to/from Current Fund		
		$ 7,097,851	$ 10,251,274

Nova Central School District
Statement of Changes in Capital Fund (cont'd)

Year ended June 30		2008	2007
80	Capital Disbursements		
81	Additions to Property and Equipment		
011	Land and Sites	$ 15,564	$ 79,817
012	Building	6,127,506	5,917,177
013	Furniture and Equipment - School	431,695	234,392
014	Furniture and Equipment - Other	27,807	244,678
015	Services Vehicles	11,694	76,173
016	Pupil Transportation	275,414	3,519,942
017	Other		
82	Principal Repayment of Loans		
011	School Construction	191,815	162,305
012	Equipment		
013	Services Vehicles	16,356	16,790
014	Other		
83	Miscellaneous Disbursements		
013	Other		
Total Capital Disbursements		$ 7,097,851	$ 10,251,274

Nova Central School District
Notes to the Financial Statements

June 30, 2008

1. Summary of Significant Accounting Policies

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Boards. Fund accounting can be defined as "accounting procedures in which a self-balancing group of accounts is provided for each fund." It is customary for School Boards to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the Board, relating to their use of fund accounting, is as follows:

a) Grants received by the Board from the Department of Education are recorded in either the current or capital funds depending on the project.

b) Land, buildings and equipment are recorded in the accounts based on estimated values at January 1, 1997. Additions since that date are recorded at full cost in the capital fund.

c) The Board does not calculate or record depreciation on any of its fixed assets.

d) All capital expenditures financed out of current revenue funds are recorded as an expenditure in the current account.

e) Principal Repayment of Pupil Transportation Loans are recorded as Current Expenditures. All other prinicipal repayment of bank loans are recorded as Capital Expenditures.

Severance Pay

The Board has in effect severance pay policies whereby employees are entitled to a severance payment upon leaving employment with the Board. Under these policies, a permanent employee who has nine (9) or more years of continuous service in the employ of the School Board is entitled to be paid on resignation, retirement, termination by reasons of disability, expiry of recall rights, or in the event of death, to the employee's estate, severance pay equal to the amount obtained by multiplying the number of completed years of continuous employment by his weekly salary to a maximum of twenty (20) weeks pay. This liability for severance pay has been accrued in the accounts for all employees who have a vested right to receive such payments.

Severance pay for teachers is paid through the Department of Education. An amount of $1,201,437 has been paid during the 2007-08 fiscal period and is included in employee benefits for teachers.

2. Accounts Receivable

			2008
		Current	
11	131	Provincial Government Grant	$ 11,733,035
	132	Transportation	295,637
	133	Federal Government	298,696
	134	School Taxes	
	136	Other School Boards	
	137	Rent	
	138	Interest	-
	139	Travel Advances and Misc.	149,648
		Capital	
11	231	Department of Education-Capital Grants	262,610
	233	Local Contributions	
	234	Other School Boards	
	235	Other	
			12,739,626
		Less: Allowance for uncollectible Government grants	-
			$ 12,739,626

3. Bank Indebtedness - Current

21	131	On Operating Credit	
	132	On Current Account	
			$ -

4. Accounts Payable and Accruals

			2008
		Current	
21	111	Trade Payables	$ 962,600
	112	Accrued - Liabilities	175,260
	113	- Interest	-
	114	- Wages	1,012,300
	115	Payroll Deductions	78,404
	116	Retail Sales Tax	
	117	Deferred Grants	525,639
	119	Summer Pay - Teacher	10,547,896
	122	Department of Education	107,748
		Capital	
21	211	Trade Payables	
	212	Accrued - Liabilities	
	213	- Interest	
	217	Deferred Grants	1,533,906
	218	Other	
			$ 14,943,753

5. Reserve Account - Capital

Description	
Balance, beginning of period	$ -
Less: Transfer to Capital Fund	
	-
Add: Transfer from Board Equity	
Balance, end of period	$ -

	2008
5A. Reserve Account - Current	
Description:	
Balance, beginning of period	$ -
Less: Current Expenditures	
Add: Transfer from Board Equity	
Balance, end of period	$ -

6. Investment in Capital Assets		**2008**
Balance, June 30, 2007		**$ 165,886,656**
Transfer of Operating Funds to Capital Fund		-
Transfer from Reserve		-
Grants - Department of Education-Capital Projects	**6,519,915**	
- Other	**275,414**	**6,795,329**
Proceeds from Sale of Capital Assets- Equipment		**500**
Transfer from Western School District-School Bus		**67,436**
Recoveries of Expenditures		**290,329**
		173,040,250
Deduct Adjustments:		
Cost of Assets Sold - Buildings	-	
- Buses	-	
- Service Vehicles-Mtce	-	
- Service Vehicles-Bussing	-	-
		173,040,250
Add Adjustments:		
Other - Pupil transportation loan payments made by current fund	**1,034,179**	
Energy Performance loan payments made by current fund	**200,884**	**1,235,063**
23 221 Investment in Capital Assets, end of period		**$ 174,275,313**

7. Commitments

At the Balance Sheet date, the District had the following commitments:

The District has entered into lease agreements with estimated future payments for the next five years as follows:

2009-$233,967
2010-$195,433
2011-$155,719
2012-$48,032
2013-$350.

8. Board Deficiency

Opening Board Deficiency, June 30, 2007	(18,454,667)
Net increase(decrease) in Board Equity (Page 4)	(229,820)
Board Deficiency, June 30, 2008	$ (18,684,487)

9. Department of Education Receivables and Payables

As at June 30, 2008 the Board has recorded the following receivables from the Province of Newfoundland & Labrador - Department of Education

Accounts Receivable - Current

Amounts due re: Teacher Summer Pay	$	10,547,896
Amounts due re: School Operations		997,187
Amounts due re: Insurance - Carmanville/Eastport		40,179
Amounts due re: Transportation		295,637
Amounts due re: Miscellaneous		147,773
	$	12,028,672

Accounts Receivable - Capital

Amounts due re: School Construction	$	262,610
	$	262,610

Accounts Payable

Amounts due re: Other	$	107,748
Amounts due re: Teachers Payroll		-
	$	107,748

Nova Central School District
Current Revenues

Schedule 1

		Year Ended June 30	2008	2007
		Current Revenues		
31	010	Local Taxation		
	011	School Taxes		
32	010	Provincial Government Grants		
	011	Regular Operating Grants	**$ 20,613,377**	$ 18,703,773
	012	Special Grants (Details on bottom of Schedule 1)	**550,433**	464,447
	013	Payroll Tax	**1,499,188**	1,437,412
		Salaries and Benefits		
	017	Directors and Assistant Directors	**753,113**	766,024
	021	Regular Teachers	**82,082,182**	77,283,651
	021	Student Assistants	**2,161,634**	1,978,340
	022	Substitute Teachers	**3,081,577**	2,935,899
	030	Pupil Transportation		
	031	Board Owned	**8,866,629**	8,745,964
	032	Contracted	**1,112,058**	890,665
	033	Special Needs	**362,729**	357,412
	034	Other - GST On Contracts	-	-
			121,082,920	113,563,587
33	010	Donations		
	012	Cash Receipts	-	-
	013	Non Cash Receipts	-	-
	014	Restricted Use	-	-
34	010	Ancillary Services		
	011	Revenue from Rental of Residences	-	-
	015	Interest on Schools	-	-
	021	Revenues from Rental of Schools and Facilities (Net)	**920**	6,476
	022	Internally Generated Funds - Snow Clearing and Other Incentives	**40,000**	50,104
	031	Cafeterias	-	-
	032	Other	-	-
			40,920	56,580

Nova Central School District
Current Revenues

Schedule 1 (cont'd)

Year Ended June 30			2008	2007
Current Revenues				
35	010	Miscellaneous		
	011	Interest on Investments	165,911	70,630
	012	Bus Charters	272,349	271,361
	021	Recoveries of Expenditures	594,626	693,735
	051	Insurance Proceeds	1,630	65,787
	081	Miscellaneous Federal Grant	83,310	-
	091	Textbooks	-	172,261
	092	Sundry	30,102	316,599
			1,147,928	1,590,373
36	011	Transfer from Capital		
		Total Current Revenues	$ 122,271,768	$ 115,210,540

Nova Central School District
Current Revenues

Schedule 1 (cont'd)

Year Ended June 30	**2008**	2007
Special Grants		
French Monitor	**53,188**	35,386
French Immersion	**6,462**	-
French Teacher Aide	**39,310**	33,163
French Supplementary Materials	**52,881**	-
CFT Teacher TP - French	**-**	3,737
CFT Administration TP - French	**7,787**	4,794
French - Teaching Math	**1,357**	3,281
French - Integrating Technology	**-**	1,725
French - ICF Resources	**13,703**	6,776
French - ICF Follow up	**2,703**	7,368
St. Pierre Trips	**45,712**	-
French - ICF Schools	**-**	14,250
French - Recruitment and Training	**-**	1,632
French Camps	**36,058**	135,605
Inclusive Education	**3,000**	-
NLTA Leadership	**1,000**	-
Kinderstart	**18,500**	18,250
Tutoring/Work Experience	**29,133**	21,608
Tutoring/Work Experience - CDLI	**17,499**	-
MUN Action Research	**1,740**	-
CDLI	**64,993**	45,315
Fine Arts	**11,266**	5,128
Positive Behaviours	**-**	8,070
Cultural Connections - PD	**-**	114,500
Early Childhood	**4,742**	-
Teacher Induction	**2,000**	-
Math Initiatives	**29,653**	-
Math Leadership	**3,197**	-
Math Research	**8,766**	-
Read With Me	**2,627**	2,225
Art Works Conference	**73,952**	-
Numeracy Support	**19,204**	-
Miscellaneous	**-**	1,634
	$ 550,433	$ 464,447

Nova Central School District
Administration Expenditures

Schedule 2

Year Ended June 30		2008	2007
51 011	Salaries and Benefits - Director and Assistant Directors	$ 753,113	$ 766,024
012	Salaries and Benefits - Board Office Personnel	1,467,181	1,287,786
013	Office Supplies	65,494	59,527
014	Replacement Furniture and Equipment	47,145	49,263
015	Postage	37,762	42,861
016	Telephone	102,573	64,161
017	Office Equipment Rentals and Repairs	40,856	34,123
018	Bank Charges	427	-
019	Electricity	111,421	100,252
021	Fuel	43,260	35,028
022	Insurance	4,376	10,779
023	Repairs and Maintenance (Office Building)	54,107	39,756
024	Travel	110,076	85,971
025	Board Meeting Expenses	79,940	98,686
026	Election Expenses	-	-
027	Professional Fees	181,062	84,076
028	Advertising	61,554	79,447
029	Membership Dues	75,052	27,402
031	Municipal Taxes	31,549	24,961
034	Miscellaneous	30,976	50,353
035	Payroll Tax	22,056	22,627
Total Administration Expenditures		$ 3,319,980	$ 2,963,083

Nova Central School District
Instruction Expenditures

Schedule 3

		Year Ended June 30		**2008**	2007
52	010	Instructional Salaries (Gross)			
	011	Teachers' Salaries	- Regular	**$ 69,340,958**	$ 64,533,545
	012		- Substitute	**3,090,617**	2,921,388
	013		- Board Paid	**2,364**	2,187
	013		- Student Assistants	**2,134,048**	1,982,456
	014	Augmentation			
	015	Employee Benefits		**12,741,224**	12,750,105
	016	School Secretaries - Salaries and Benefits		**1,928,472**	1,923,819
	017	Payroll Tax		**1,534,462**	1,476,224
	018	IMC Salary		**32,347**	25,904
				$ 90,804,492	$ 85,615,628
52	040	Instructional Materials			
	041	General Supplies		**$ 728,362**	$ 1,202,726
	042	Library Resource Materials		**75,782**	53,795
	043	Teaching Aids		**827,125**	644,627
	044	Textbooks		**-**	171,409
				$ 1,631,269	$ 2,072,557
52	060	Instructional Furniture and Equipment			
	061	Replacement		**$ 543,275**	$ 489,898
	062	Rentals and Repairs		**242,164**	241,062
				$ 785,439	$ 730,960
52	080	Instructional Staff Travel			
	081	Program Co-ordinators		**$ 57,511**	$ 66,782
	082	Teachers' Travel		**251,659**	258,417
	083	Inservice and Conferences		**305,004**	190,142
				$ 614,174	$ 515,341
	090	Other Instructional Costs			
52	091	Postage and Stationary			
	092	Miscellaneous		**$ 749,256**	$ 725,932
				$ 749,256	$ 725,932
				$ 94,584,630	$ 89,660,418

Nova Central School District

Schedule 4

Operations and Maintenance Expenditures - Schools

Year Ended June 30				2008	2007
53	011	Salaries and Benefits - Janitorial		$ 3,356,043	$ 2,983,133
	012	Salaries and Benefits - Maintenance		1,818,360	1,750,267
	013	Payroll Tax		73,429	53,492
	014	Electricity		3,266,609	3,248,753
	015	Fuel		891,733	588,802
	016	Municipal Service Fees		240,213	208,299
	017	Telephone		383,229	419,762
	018	Vehicle Operating and Travel		171,240	130,969
	019	Janitorial Supplies		293,098	281,308
	021	Janitorial Equipment		52,461	7,804
	022	Repairs and Maintenance	- Building	1,317,275	1,050,250
	023		- Equipment	7,504	6,950
	024	Contracted Services - Janitorial		224,049	272,423
	025	Snow Clearing		724,303	428,555
	027	Other		836,904	515,317
Total Operations and Maintenance Expenditures				$ 13,656,450	$ 11,946,084

Nova Central School District
Pupil Transportation Expenditures

Schedule 5

Year Ended June 30			2008	2007
54	010	Operation and Maintenance of Board Owned Fleet		
	011	Salaries and Benefits - Administration	$ 189,725	$ 188,129
	012	Salaries and Benefits - Drivers and Mechanics	4,976,651	5,031,581
	013	Payroll Tax	73,732	104,685
	014	Debt Repayment - Interest	393,748	453,860
	015	- Principal	1,034,179	998,124
	016	Bank Charges	-	-
	017	Gas and Oil	1,302,506	1,107,940
	018	Licences	109,780	110,205
	019	Insurance	148,113	150,579
	021	Repairs and Maintenance - Fleet	529,084	526,401
	022	- Building	91,868	42,140
	023	Tires and Tubes	82,054	63,450
	024	Heat and Light	88,759	70,205
	025	Municipal Services	8,865	4,073
	026	Snow Clearing	44,226	31,457
	027	Office Supplies	16,127	14,573
	029	Travel	15,911	4,078
	031	Professional Fees	6,637	7,044
	032	Miscellaneous	62,964	33,648
	033	Telephone	53,698	87,259
		Advertising	-	10,384
			$ 9,228,627	$ 9,039,815
54	040	Contracted Services		
	041	Regular Transportation	$ 1,112,058	$ 890,665
	042	Handicapped	$ 362,729	$ 357,411
			1,474,787	1,248,076
Total Pupil Transportation Expenditures			$ 10,703,414	$ 10,287,891

Nova Central School District
Ancillary Services and Miscellaneous Expenses

Year Ended June 30			2008	2007
Ancillary Services				**Schedule 6**
55		Ancillary Services		
	011	Operations of Teachers' Residence	$ -	$ -
	013	Janitorial		
	031	Cafeterias	37,450	
	032	Other		
			$ 37,450	$ -

Miscellaneous Expenses				**Schedule 7**

The Board has incurred the following miscellaneous expenses:

57	001	Miscellaneous		
			$ -	$ -

Nova Central School District
Details of Property and Equipment

Schedule 8

Year Ended June 30, 2008

	Balance June 30, 2007	Adjustment/ Transfer Current Year	Additions 2008	Disposals 2008	Balance June 30, 2008
Land and Sites					
12 210 Land and Sites					
211 Land and Sites	2,477,816		15,564		2,493,380
12 212 Land Improvements	2,477,816	-	15,564	-	2,493,380
12 220 Buildings					
221 Schools	132,599,812	-	5,930,256	-	138,530,068
222 Administration	4,302,895		197,250	-	4,500,145
223 Residential					-
224 Recreation					-
225 Other - Maintenance	136,323				136,323
	137,039,030	-	6,127,506	-	143,166,536
12 230 Furniture & Equipment					
231 Schools	19,305,825		431,695	-	19,737,520
232 Administration	1,778,882	-	27,807		1,806,689
233 Residential					-
234 Recreation					-
235 Other - Maintenance	14,728				14,728
	21,099,435	-	459,502	-	21,558,937
12 240 Vehicles					
241 Service Vehicles	251,016		11,694	-	262,710
12 250 Pupil Transportation					
251 Land	60,817				60,817
252 Building	853,699		-		853,699
253 Vehicles - Buses	14,125,792	67,436	275,414	-	14,468,642
254 - Service	197,045		-	-	197,045
255 Equipment	69,840		-		69,840
256 Other	-				-
	15,307,193	67,436	275,414	-	15,650,043
12 260 Miscellaneous Capital Assets					
261 Other					-
Total Property & Equipment	$176,174,490	$ 67,436	$ 6,889,680	$ -	$ 183,131,606

Land, buildings and equipment have been recorded in the accounts at estimated values at January 1, 1997. Additions since that date have been recorded at cost. Lands and sites on which some of the buildings are erected are vested in the former school boards or denominational education councils or churches. All real and personal property used for the purpose of education by Nova Central School District will be subject to the terms and conditions contained in Section 84 of the 1997 Schools Act.

Nova Central School District
Details of Long Term Debt

Schedule 9

Year Ended June 30, 2008

Bank loans, mortgages and debentures, approved by the Board and the Government of Newfoundland and Labrador

22 210 Loans Other Than Pupil Transportation

Ref #

211 Bank Loans	
___Repayable $ 15,452 monthly, maturing 2015	$ 1,155,099
___Repayable $___ monthly, maturing	-
___Repayable $______ monthly, maturing	
___Repayable $______ monthly, maturing	
___Repayable $______ monthly, maturing	
Total 211	$ 1,155,099
212 Mortgages	
___Repayable $______ monthly, maturing	
___Repayable $______ monthly, maturing	
___Repayable $______ monthly, maturing	
Total 212	
213 Vehicles	
___Repayable $ 643.70 monthly, maturing 2009	3,103
___Repayable $ 555.10 monthly, maturing 2009	20,453
___Repayable $ 550.43 monthly, maturing 2010	8,567
Total 213	32,123
Subtotal	1,187,222
215 Less Current Maturities	200,431
Total Loans Other Than Pupil Transportation	$ 986,791

Nova Central School District
Details of Long Term Debt

Schedule 9 (cont'd)

Year Ended June 30, 2008

##

22 220 Loans - Pupil Transportation

Ref #

221 Vehicle Bank Loans		
Prime-1% Repayable $2,677 monthly, maturing 2011	$	**88,343**
Prime-1% Repayable $1,537 monthly, maturing 2011		**61,489**
Prime-1% Repayable $3,648 monthly, maturing 2012		**171,441**
Prime-1% Repayable $6,277 monthly, maturing 2013		**382,903**
Prime-1% Repayable $1,125 monthly, maturing 2014		**86,641**
Prime-1% Repayable $2,914 monthly, maturing 2015		**236,122**
Prime-1% Repayable $3,794 monthly, maturing 2016		**379,402**
Prime-1% Repayable $1,549 monthly, maturing 2011		**43,360**
Prime-1% Repayable $2,083 monthly, maturing 2011		**72,917**
Prime-1% Repayable $5,211 monthly, maturing 2011		**182,384**
Prime-1% Repayable $2,090 monthly, maturing 2013		**125,416**
Prime-1% Repayable $2,738 monthly, maturing 2014		**197,102**
Prime-1% Repayable $2,793 monthly, maturing 2015		**226,257**
Prime-1% Repayable $1,084 monthly, maturing 2016		**107,320**
Prime-1% Repayable $ 21,563 monthly, maturing 2017		**2,350,374**
Prime-1% Repayable $ 24,443 monthly, maturing 2019		**2,957,607**
Subtotal		**7,669,078**
223 Less Current Maturities		**1,026,312**
Total Loans - Pupil Transportation		**6,642,766**
Total Long Term Debt		**7,629,557**

Nova Central School District
Summary of Long Term Debt

Schedule 9A

June 30, 2008

Description	Ref.#	Rate	Balance June 30 2007	Loans Obtained During Period	Principal Repayment for Period	Balance June 30 2008
A) 1. School Construction		Prime - 1%				
2. Restructuring		Prime - 1%	$ 191,815		$ 191,815	$ -
B) Equipment						
C) Service						-
Vehicle			36,785	11,694	16,356	32,123
D) Other - Energy		Prime - 1%				-
Performance Contracting			1,355,983		200,884	1,155,099
E) Pupil Transportation		Prime - 1%	8,703,257	-	1,034,179	7,669,078
Total Loans			$ 10,287,840	$ 11,694	$ 1,443,234	$ 8,856,300
Less: Current Maturities			1,401,795			1,226,743
Total Loans			$ 8,886,045	$ 11,694	$ 1,443,234	$ 7,629,557

Nova Central School District
Schedule of Current Maturities

Schedule 9B

June 30, 2008

Description	2009	2010	2011	2012	2013
A) School Construction	185,431	185,431	185,431	185,431	185,431
B) Equipment					
C) Service Vehicles	15,000	8,700	4,500	3,500	0
D) Other					
E) Pupil Transportation	1,026,312	1,026,312	869,629	825,852	825,852
Total	$1,226,743	$ 1,220,443	$ 1,059,560	$ 1,014,783	$1,011,283

Nova Central School District
Schedule of Interest Expenses

Schedule 9C

Year Ended June 30, 2008	2008	2007
Description		
012 Capital		
School Construction Restructuring	5,058	13,884
Equipment		
Service Vehicles	1,882	1,191
Other		
Pupil Transportation		
Total Capital	6,940	15,075
013 Current - Operating Loans	-	14,670
- Supplier Interest Charges	1,993	3,726
Total Current	1,993	18,396
Total Interest Expense	$ 8,933	$ 33,471

Nova Central School District
Supplementary Information

Year Ended June 30			2008	2007
1.		**Cash**		
		Current		
11	110	Cash on Hand and in Bank		
	111	Cash on Hand	$ 485	$ 535
	112	Bank - Current	3,435,176	1,613,950
	114	- Teachers' Payroll	11,421	1,336
	115	- Support Staff Payroll	110,537	29,921
		- Trust Account		
		Capital		
11	210	Cash on Hand and in Bank		
	211	Cash on Hand		
	212	Bank - Current		
	213	- Savings		
	214	- Other		
Total Cash on Hand and in Bank			$ 3,557,619	$ 1,645,742
2.		**Short Term Investments**		
		Current		
11	121	Term Deposits		
	122	Canada Savings Bonds		
	123	Other		
		Capital		
11	221	Term Deposits		
	222	Canada Savings Bonds		
	223	Other		
Total Short Term Investments			-	-

Nova Central School District
Supplementary Information (Con't)

Year Ended June 30				2008	2007
3.		**Prepaid Expenses**			
		Current			
11	141	Insurance			
	142	Municipal Service Fees		**114,454**	102,958
	143	Supplies			
	144	Other	- WHSCC	**217,596**	202,814
			- Travel		
			- Miscellaneous	**7,338**	77,138
		Capital			
11	241	Other (School Buses)		**-**	-
				$ 339,388	$ 382,910

OFFICE OF THE HIGH SHERIFF
OF NEWFOUNDLAND AND LABRADOR

FINANCIAL STATEMENTS

31 MARCH 2008

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the High Sheriff of Newfoundland and Labrador
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Office of the High Sheriff of Newfoundland and Labrador as at 31 March 2008 and the statement of operations for the year then ended. These financial statements have been prepared to meet the information needs of the High Sheriff of Newfoundland and Labrador and the Government of Newfoundland and Labrador under Section 10 of the *Sheriff's Act, 1991*. The financial statements are the responsibility of the High Sheriff. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Office of the High Sheriff of Newfoundland and Labrador as at 31 March 2008 and the results of its operations for the year then ended in accordance with the basis of accounting described in Note 1 to the financial statements.

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information of the High Sheriff of Newfoundland and Labrador and the Government of Newfoundland and Labrador to meet their information needs under Section 10 of the *Sheriff's Act, 1991*. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
2 March 2009

OFFICE OF THE HIGH SHERIFF OF NEWFOUNDLAND AND LABRADOR
BALANCE SHEET
31 March

	Trust Fund (Note 2)	Revenue Fund (Note 3)	Trial and Jury Fund (Note 4)	2008	2007
ASSETS					
Cash	$ 66,878	$ 1,425	$ 10,304	$ 78,607	$ 209,985
Accounts receivable	217	121,852	9,791	131,860	154,089
Inventory held in trust (Note 1)	-	-	-	-	1
	$ 67,095	$ 123,277	$ 20,095	$ 210,467	$ 364,075
LIABILITIES					
Trust account, court orders	$ 66,878	$ -	$ -	$ 66,878	$ 189,885
Due to Consolidated Revenue Fund	217	123,209	46	123,472	154,190
Trial and jury account, accountable advance	-	-	20,000	20,000	20,000
Accounts payable	-	68	49	117	-
	$ 67,095	$ 123,277	$ 20,095	$ 210,467	$ 364,075

Contingent liabilities (Note 6)

Signed on behalf of the Office: John P. McDonald
High Sheriff

OFFICE OF THE HIGH SHERIFF OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF OPERATIONS
For the Year Ended 31 March

	Trust Fund (Note 2)	Revenue Fund (Note 3)	Trial and Jury Fund (Note 4)	2008	2007
REVENUES					
Court orders	$ 2,970,909	$ -	$ -	$ 2,970,909	$ 2,561,007
Service fees	-	1,947,821	-	1,947,821	1,799,989
Registration fees, court orders	-	171,632	-	171,632	295,048
Replenishment of trial and jury bank account	-	-	68,108	68,108	47,429
Interest	10,562	-	599	11,161	8,233
	$ 2,981,471	$ 2,119,453	$ 68,707	$ 5,169,631	$ 4,711,706
EXPENSES					
Court orders	$ 2,970,909	$ -	$ -	$ 2,970,909	$ 2,561,007
Consolidated Revenue Fund	9,683	2,119,453	599	2,129,735	2,102,449
Trial and jury expenses	-	-	68,108	68,108	47,429
Bank fees	879	-	-	879	821
	$ 2,981,471	$ 2,119,453	$ 68,707	$ 5,169,631	$ 4,711,706

OFFICE OF THE HIGH SHERIFF OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
31 March 2008

Authority

The Office of the High Sheriff of Newfoundland and Labrador operates under the authority of the *Judgment Enforcement Act* and *Regulations*, implemented 1 June 1997 and the *Sheriff's Act, 1991*. The Office is the enforcement arm of the Supreme Court of Newfoundland and Labrador and the Provincial Courts (the Courts), and has the responsibility of enforcing all monetary judgments issued by these Courts. This includes the attachment and seizure of real and personal property. The Office is also responsible for the service of court documents, the administration of the jury system and court security.

1. Basis of accounting

These financial statements have been prepared by the Office of the High Sheriff of Newfoundland and Labrador in accordance with the significant accounting policies set out below to meet the information needs of the High Sheriff of Newfoundland and Labrador and the Government of Newfoundland and Labrador under Section 10 of the *Sheriff's Act, 1991*. The basis of accounting used in these financial statements materially differs from Canadian generally accepted accounting principles because revenues related to Court orders are being recognized on a cash basis and not all expenditures related to the operations of the Office are reflected in these statements.

Significant accounting policies

These financial statements have been prepared on the accrual basis of accounting except for Court order revenues which are recorded on a cash basis. Outlined below are the significant accounting policies followed.

(a) Administrative expenditures

The Office of the High Sheriff of Newfoundland and Labrador, for administrative purposes, operates as a division of the Department of Justice. Therefore, expenditures related to salaries, accommodations and administration are absorbed by the Department of Justice and no provision has been made in these financial statements for those expenditures.

(b) Inventory held in trust

Inventory held in trust consists of real or personal property seized by the Office of the High Sheriff of Newfoundland and Labrador as the result of a Court order and is recorded in these financial statements at a nominal value of $1 as valuation of these assets is not readily determinable. These assets are recorded in the records of the Office at an estimated value for administrative purposes. There was no inventory held in trust at 31 March 2008.

2. Trust Fund

A trust bank account has been established to accommodate the receipt of funds collected from defendants and the payment of these funds to plaintiffs. Interest income from this fund is paid to the Consolidated Revenue Fund.

3. Revenue Fund

Revenues collected for various services provided by the Office of the High Sheriff of Newfoundland and Labrador are deposited directly to the Province's Consolidated Revenue Fund.

4. Trial and Jury Fund

The Office of the High Sheriff of Newfoundland and Labrador is responsible for jury administration in the Province and maintains a recurring accountable advance of $20,000 to pay expenses associated with this duty. This advance is replenished as required throughout the year by claims submitted to the Department of Justice. Interest income from this fund is paid to the Consolidated Revenue Fund.

5. Related party transactions

Service fees, search fees and registration fees collected, and interest earned, net of bank fees, are paid into the Province's Consolidated Revenue Fund.

6. Contingent liabilities

(i) A claim has been made under the Human Rights Code against the Office of the High Sheriff of Newfoundland and Labrador, relating to the screening out of an individual, on the basis of ethnicity, during a competition held for a position of Deputy Sheriff. The Human Rights Commission has the right, if the claim is successful, to award damages against the Office.

(ii) A claim has been made against the High Sheriff of Newfoundland and Labrador and the Canada Customs and Revenue Agency, in the Supreme Court Trial Division, relating to judgments filed with the Office of the High Sheriff of Newfoundland and Labrador. There is only minimal likelihood that the Office will be unsuccessful in defending this claim. In the unlikely event that the claim is successful, the potential claim against the Office would not exceed $20,000.

7. Income taxes

The Office of the High Sheriff of Newfoundland and Labrador is a division of the Department of Justice and as such is not subject to Provincial or Federal income taxes.

OFFICE OF THE HIGH SHERIFF
OF NEWFOUNDLAND AND LABRADOR

FINANCIAL STATEMENTS

31 MARCH 2009

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the High Sheriff of Newfoundland and Labrador
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Office of the High Sheriff of Newfoundland and Labrador as at 31 March 2009 and the statement of operations for the year then ended. These financial statements have been prepared to meet the information needs of the High Sheriff of Newfoundland and Labrador and the Government of Newfoundland and Labrador under Section 10 of the *Sheriff's Act, 1991*. The financial statements are the responsibility of the High Sheriff. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Office of the High Sheriff of Newfoundland and Labrador as at 31 March 2009 and the results of its operations for the year then ended in accordance with the basis of accounting described in Note 1 to the financial statements.

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information of the High Sheriff of Newfoundland and Labrador and the Government of Newfoundland and Labrador to meet their information needs under Section 10 of the *Sheriff's Act, 1991*. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
26 June 2009

OFFICE OF THE HIGH SHERIFF OF NEWFOUNDLAND AND LABRADOR
BALANCE SHEET

31 March

	Trust Fund (Note 2)	Revenue Fund (Note 3)	Trial and Jury Fund (Note 4)	2009	2008
ASSETS					
Cash	$ 128,185	$ 6,676	$ 20,000	$ 154,861	$ 78,607
Accounts receivable	160	99,040	9	99,209	131,860
	$ 128,345	$ 105,716	$ 20,009	$ 254,070	$ 210,467
LIABILITIES					
Trust account, court orders	$ 128,275	$ -	$ -	$ 128,275	$ 66,878
Due to Consolidated Revenue Fund	70	105,716	9	105,795	123,472
Trial and jury account, accountable advance	-	-	20,000	20,000	20,000
Accounts payable	-	-	-	-	117
	$ 128,345	$ 105,716	$ 20,009	$ 254,070	$ 210,467

Contingent Liabilities (Note 6)

Signed on behalf of the Office: Pauline Butler
High Sheriff

OFFICE OF THE HIGH SHERIFF OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF OPERATIONS
For the Year Ended 31 March

	Trust Fund (Note 2)	Revenue Fund (Note 3)	Trial and Jury Fund (Note 4)	2009	2008
REVENUES					
Court orders	$ 3,420,645	$ -	$ -	$ 3,420,645	$ 2,970,909
Service fees	-	1,991,374	-	1,991,374	1,947,821
Registration fees, court orders	-	207,820	-	207,820	171,632
Replenishment of trial and jury bank account	-	-	13,707	13,707	68,108
Interest	4,574	-	407	4,981	11,161
	$ 3,425,219	$ 2,199,194	$ 14,114	$ 5,638,527	$ 5,169,631
EXPENSES					
Court orders	$ 3,420,645	$ -	$ -	$ 3,420,645	$ 2,970,909
Consolidated Revenue Fund	3,699	2,199,194	407	2,203,300	2,129,735
Trial and jury expenses	-	-	13,707	13,707	68,108
Bank fees	875	-	-	875	879
	$ 3,425,219	$ 2,199,194	$ 14,114	$ 5,638,527	$ 5,169,631

Authority

The Office of the High Sheriff of Newfoundland and Labrador operates under the authority of the *Judgment Enforcement Act* and *Regulations*, implemented 1 June 1997 and the *Sheriff's Act, 1991*. The Office is the enforcement arm of the Supreme Court of Newfoundland and Labrador and the Provincial Courts (the Courts), and has the responsibility of enforcing all monetary judgments issued by these Courts. This includes the attachment and seizure of real and personal property. The Office is also responsible for the service of court documents, the administration of the jury system and court security.

1. Basis of accounting

These financial statements have been prepared by the Office of the High Sheriff of Newfoundland and Labrador in accordance with the significant accounting policies set out below to meet the information needs of the High Sheriff of Newfoundland and Labrador and the Government of Newfoundland and Labrador under Section 10 of the *Sheriff's Act, 1991*. The basis of accounting used in these financial statements materially differs from Canadian generally accepted accounting principles because revenues related to Court orders are being recognized on a cash basis and not all expenditures related to the operations of the Office are reflected in these statements.

Significant accounting policies

These financial statements have been prepared on the accrual basis of accounting except for Court order revenues which are recorded on a cash basis. Outlined below are the significant accounting policies followed.

(a) Administrative expenditures

The Office of the High Sheriff of Newfoundland and Labrador, for administrative purposes, operates as a division of the Department of Justice. Therefore, expenditures related to salaries, accommodations and administration are absorbed by the Department of Justice and no provision has been made in these financial statements for those expenditures.

(b) Inventory held in trust

Inventory held in trust consists of real or personal property seized by the Office of the High Sheriff of Newfoundland and Labrador as the result of a Court order and is recorded in these financial statements at a nominal value of $1 as valuation of these assets is not readily determinable. These assets are recorded in the records of the Office at an estimated value for administrative purposes. At 31 March 2009, there was no inventory held in trust (31 March 2008 - nil).

2. Trust Fund

A trust bank account has been established to accommodate the receipt of funds collected from defendants and the payment of these funds to plaintiffs.

3. Revenue Fund

Revenues collected for various services provided by the Office of the High Sheriff of Newfoundland and Labrador are deposited directly to the Province's Consolidated Revenue Fund.

4. Trial and Jury Fund

The Office of the High Sheriff of Newfoundland and Labrador is responsible for jury administration in the Province and maintains a recurring accountable advance of $20,000 to pay expenses associated with this duty. This advance is replenished as required throughout the year by claims submitted to the Department of Justice.

5. Related party transactions

Service fees, search fees and registration fees collected, and interest earned, net of bank fees, are paid into the Province's Consolidated Revenue Fund.

6. Contingent Liabilities

(i) A claim has been made under the Human Rights Code against the Office of the High Sheriff of Newfoundland and Labrador, relating to the screening out of an individual, on the basis of ethnicity, during a competition held for a position of Deputy Sheriff. The Human Rights Commission has the right, if the claim is successful, to award damages against the Office.

(ii) A claim has been made against the High Sheriff of Newfoundland and Labrador and the Canada Customs and Revenue Agency, in the Supreme Court Trial Division, relating to judgments filed with the Office of the High Sheriff of Newfoundland and Labrador. There is only minimal likelihood that the Office will be unsuccessful in defending this claim. In the unlikely event that the claim is successful, the potential claim against the Office would not exceed $20,000.

7. Income taxes

The Office of the High Sheriff of Newfoundland and Labrador is a division of the Department of Justice and as such is not subject to Provincial or Federal income taxes.

PRIVATE TRAINING CORPORATION

TRAIN OUT FUND

FINANCIAL STATEMENTS

31 DECEMBER 2008

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Directors
Private Training Corporation
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Private Training Corporation, Train Out Fund as at 31 December 2008 and the statements of revenue, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
27 March 2009

PRIVATE TRAINING CORPORATION
TRAIN OUT FUND
BALANCE SHEET

31 December	2008	2007
ASSETS		
Current		
Cash	$ **205,019**	$ 270,702
Short-term investments, at cost (Note 2)	**1,965,911**	1,497,985
Investment income receivable	**28,196**	26,494
Accounts receivable from private training institutions	**61,725**	76,176
	$ 2,260,851	$ 1,871,357
LIABILITIES AND SURPLUS		
Current		
Accounts payable and accrued liabilities	$ **16,976**	$ 9,321
Surplus	**2,243,875**	1,862,036
	$ 2,260,851	$ 1,871,357

See accompanying notes

Signed on behalf of the Corporation:

Chairperson

Don Stapleton

Director

PRIVATE TRAINING CORPORATION
TRAIN OUT FUND
STATEMENT OF REVENUE, EXPENSES AND SURPLUS
For the Year Ended 31 December

	2008	2007
REVENUE		
Contributions from private training institutions	**$ 320,685**	$ 300,988
Investment income	**72,459**	63,313
	393,144	364,301
EXPENSES		
Board expenses (Note 3)	**5,300**	5,300
Office expense	**4,196**	3,993
Professional fees	**1,809**	2,046
	11,305	11,339
Excess of revenue over expenses	**381,839**	352,962
Surplus, beginning of year	**1,862,036**	1,509,074
Surplus, end of year	**$ 2,243,875**	$ 1,862,036

PRIVATE TRAINING CORPORATION
TRAIN OUT FUND
STATEMENT OF CASH FLOWS

For the Year Ended 31 December	**2008**	**2007**
Cash flows from operating activities		
Excess of revenue over expenses	**$ 381,839**	$ 352,962
Change in non-cash working capital		
Investment income receivable	**(1,702)**	(8,689)
Accounts receivable from private training institutions	**14,451**	(3,373)
Accounts payable and accrued liabilities	**7,655**	4,478
Net increase in cash and cash equivalents	**402,243**	345,378
Cash and cash equivalents, beginning of year	**1,768,687**	1,423,309
Cash and cash equivalents, end of year	**$ 2,170,930**	$ 1,768,687
Cash and cash equivalents include:		
Cash	**$ 205,019**	$ 270,702
Short-term investments	**1,965,911**	1,497,985
	$ 2,170,930	$ 1,768,687

Authority

The Private Training Corporation (the Corporation), established 1 January 1999, operates under the authority of the *Private Training Institutions Act*. The purpose of the Corporation is to operate the Train Out Fund to provide compensation to students to complete their training where a private training institution fails to fulfill its training to students due to closure, and to monitor the financial operations of all private training institutions. Private training institutions make contributions to the Fund based on a percentage of the student tuition.

1. Significant accounting policies

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles.

2. Short-term investments

Short-term investments of $1,965,911 (2007 - $1,497,985) in guaranteed investment certificates are valued at cost which approximates market value because of their current nature. Maturity dates range from 12 February 2009 to 3 November 2009 with interest rates from 2.90% to 3.50%.

3. Related party transaction

Employees of the Department of Education perform certain duties related to the administration of the Train Out Fund. The Corporation reimburses the Department for these expenses charged to Board expenses in the amount of $5,300 for 2008 (2007 - $5,300).

4. Financial instruments

The Corporation's financial instruments recognized on the balance sheet consist of cash, short-term investments, investment income receivable, accounts receivable from private training institutions, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them. Any estimated impairment of accounts receivable would have been provided for through an allowance for doubtful accounts and no further credit risk exists in relation to the financial instruments.

PROVINCE OF NEWFOUNDLAND AND LABRADOR
POOLED PENSION FUND

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2008

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Trustee
Province of Newfoundland and Labrador
Pooled Pension Fund
St. John's, Newfoundland and Labrador

I have audited the consolidated statement of net assets available for benefits of the Province of Newfoundland and Labrador Pooled Pension Fund as at 31 December 2008 and the consolidated statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the net assets available for benefits of the Fund as at 31 December 2008 and the changes in its net assets available for benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
19 June 2009

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND

CONSOLIDATED STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

31 December	2008	2007
	(000's)	(000's)
ASSETS		
Investments (Note 2)		
Short-term notes and deposits	**$ 79,197**	$ 136,065
Bonds and debentures	**1,393,807**	1,420,273
Equities - Canadian	**1,713,657**	2,478,344
- Foreign	**1,773,325**	2,525,365
Real estate (Note 3)	**201,343**	178,460
	5,161,329	6,738,507
Receivables		
Employee contributions	**3,899**	3,975
Employer contributions	**3,770**	3,942
Accrued investment income	**15,799**	16,371
Accounts receivable	**987**	633
	24,455	24,921
Cash	**13,709**	28,583
Prepaid expenses	**238**	202
Deferred charges	**5,016**	4,521
	5,204,747	6,796,734
LIABILITIES		
Accounts payable and accrued liabilities	**9,940**	11,932
Refunds payable	**2,034**	1,687
Due to Province of Newfoundland and Labrador	**530**	1,499
Mortgages payable (Note 4)	**72,213**	71,951
	84,717	87,069
NET ASSETS AVAILABLE FOR BENEFITS	**$ 5,120,030**	$ 6,709,665

See accompanying notes

Signed on behalf of the Fund:

Minister of Finance
and President of Treasury Board
Trustee

Chairperson
Pension Investment Committee

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
For the Year Ended 31 December

						2008	2007
	Public Service Pension Plan (000's)	Teachers' Pension Plan (000's)	Uniformed Services Pension Plan (000's)	Members of the House of Assembly Pension Plan (000's)	Provincial Court Judges' Pension Plan (000's)	Total (000's)	Total (000's)
Increase (decrease) in net assets from:							
Investments (Note 5)							
Investment income	$ 113,397	$ 90,701	$ 2,130	$ 374	$ 73	$ 206,675	$ 286,363
Gain (loss) on sale of investments	(114,278)	(91,405)	(2,148)	(378)	(73)	(208,282)	297,894
Current period change in market value of investments	(754,165)	(603,215)	(14,170)	(2,489)	(484)	(1,374,523)	(443,133)
	(755,046)	(603,919)	(14,188)	(2,493)	(484)	(1,376,130)	141,124
Contributions							
Employee	97,674	39,935	3,097	567	172	141,445	129,307
Employer (Note 6)	95,913	35,706	3,082	326	120	135,147	124,897
Special payments (Note 6)	-	-	-	-	-	-	982,000
	(561,459)	(528,278)	(8,009)	(1,600)	(192)	(1,099,538)	1,377,328
Other changes in net assets							
Pensions	(205,588)	(222,457)	(16,332)	(349)	(43)	(444,769)	(420,638)
Refund of contributions with interest	(15,169)	(12,231)	(281)	(660)	-	(28,341)	(23,120)
Administrative costs (Note 7)	(9,789)	(6,906)	(222)	(49)	(21)	(16,987)	(18,108)
	(230,546)	(241,594)	(16,835)	(1,058)	(64)	(490,097)	(461,866)
Total increase (decrease) in net assets	(792,005)	(769,872)	(24,844)	(2,658)	(256)	(1,589,635)	915,462
Net assets available for benefits, beginning of year	3,641,514	2,979,238	74,420	12,189	2,304	6,709,665	5,794,203
Net assets available for benefits, end of year	$ 2,849,509	$ 2,209,366	$ 49,576	$ 9,531	$ 2,048	$ 5,120,030	$ 6,709,665

Authority and description

The Province of Newfoundland and Labrador Pooled Pension Fund (the Fund) was created 1 July 1980 under the authority of the *Pensions Funding Act* for the purpose of providing for the funding of pension plans sponsored by the Province. The affairs of the Fund are managed by the Minister of Finance, as Trustee of the Fund. Section 9 of the *Act* states that where there are insufficient assets to meet the obligations of the Fund, or the equity apportioned to a plan is insufficient to meet the obligations of the plan, the Minister shall pay out of the Consolidated Revenue Fund sufficient monies as may be necessary to cover the deficiency.

The following pension plans participate in the Fund: Public Service Pension Plan, Teachers' Pension Plan, Uniformed Services Pension Plan, Members of the House of Assembly Pension Plan and the Provincial Court Judges' Pension Plan.

(a) Public Service Pension Plan

(i) General

The Plan is a contributory defined benefit pension plan covering full-time employees of the Government of the Province of Newfoundland and Labrador and various Crown corporations, agencies and commissions created by or under a statute of the Province.

The Plan is comprised of two components, a Registered Plan, which provides registered pension benefits allowable under the *Income Tax Act* (Canada), and a Supplementary Plan, which provides benefits in excess of the *Income Tax Act* (Canada) maximum benefit limits. These financial statements include only amounts that pertain to the Registered Plan. Amounts that pertain to the Supplementary Plan are included within the accounts of the Consolidated Revenue Fund.

(ii) Employee contributions

Employee contributions are equal to 8.6% of the Canada Pension Plan (CPP) basic exemption, plus 6.8% of the employee's salary between the CPP basic exemption and the Year's Maximum Pensionable Earnings (YMPE) under the CPP, plus 8.6% of the employee's salary in excess of the YMPE, up to a maximum allowed under the *Income Tax Act* (Canada). Amounts in excess of the maximum allowed are paid to the Supplementary Plan.

(iii) Accrued service pensions

A service pension is available from the Registered Plan based on the number of years of pensionable service times 2% of the member's best five years average salary. When a retired member reaches age 65, this pension is reduced by 0.6% of the member's best five years average salary up to average YMPE times years of pensionable service after 1 April 1967. The calculated amount shall not exceed the maximum allowable benefit as determined under the *Income Tax Act* (Canada).

Authority and description (cont.)

(a) Public Service Pension Plan (cont.)

(iii) Accrued service pensions (cont.)

Where the calculated amount does exceed the maximum allowable benefit as determined under the *Income Tax Act* (Canada), a vested member who is no longer an employee can receive a pension from the Supplementary Plan. The total pension received from both the Registered Plan and the Supplementary Plan equals the amount calculated based on the number of years of pensionable service times 2% of the member's best five years average salary.

Employees who have reached age 50 and have at least 30 years of service are permitted to retire with a 0.5% reduction in pension benefit for each month under age 55.

Employees who have reached age 55 and have 30 years of service may retire with an unreduced pension. Employees age 55 or greater with less than 30 years service and with age and service equal to 85 may retire with a pension reduced by 0.5% for each month under age 60.

(iv) Disability pensions

A disability pension equal to the accrued service pension is available on permanent incapacity at any age with a minimum of five years pensionable service.

(v) Survivor pensions

A survivor pension of 60% of the member's accrued service pension is paid to the surviving principal beneficiary (and on the surviving principal beneficiary's death, to dependent children) following the death of a pensioner, a deferred pensioner or an employee with at least five years pensionable service.

(vi) Pre-retirement death benefits

Where an employee with at least five years pensionable service dies before receiving a pension and a survivor benefit is payable, the surviving principal beneficiary may elect to receive either the survivor benefit, or the greater of the commuted value of the survivor benefit and the commuted value of the employee's pension entitlement.

Authority and description (cont.)

(a) Public Service Pension Plan (cont.)

(vi) Pre-retirement death benefits (cont.)

On 4 June 2008, the Province amended the *Public Service Pensions Act, 1991* to address situations where plan members die before receiving a pension and without a principal beneficiary. The amendment that was applied retroactively to 14 December 1999, directs that the commuted value of the plan member's entitlement be paid to the estate. In addition, the amendment provides for transitional arrangements to deal with current circumstances where a plan member died before receiving a pension, without a principal beneficiary, and a survivor benefit is being paid to eligible children. The amendment allows a child who was receiving a survivor benefit when the amendment came into force to continue to receive the survivor benefit or to elect to be paid the commuted value of the entitlement at the date of death of the deceased employee less any payments already received by the child at the date of election.

(vii) Termination benefits

On termination of employment, an employee may elect to receive a refund of the employee's own contributions with interest or, if the employee has at least five years pensionable service, may elect to receive a deferred pension or commuted value.

(viii) Indexing

Effective 1 October 2002 and each 1 October thereafter the amount of a pension or survivor benefit paid to an individual who has reached the age of 65 will be adjusted by 60% of the Consumer Price Index for Canada for the previous calendar year as published by Statistics Canada, to a maximum of 1.2% of the annual pension or survivor benefit.

(b) Teachers' Pension Plan

(i) General

The Plan is a contributory defined benefit pension plan covering teachers employed by school boards or the Province of Newfoundland and Labrador and full-time employees of the Newfoundland and Labrador Teachers' Association.

The Plan is comprised of two components, a Registered Plan, which provides registered pension benefits allowable under the *Income Tax Act* (Canada), and a Supplementary Plan, which provides benefits in excess of the *Income Tax Act* (Canada) maximum benefit limits. These financial statements include only amounts that pertain to the Registered Plan. Amounts that pertain to the Supplementary Plan are included within the accounts of the Consolidated Revenue Fund.

Authority and description (cont.)

(b) Teachers' Pension Plan (cont.)

(ii) Employee contributions

Employee contributions are equal to 9.35% of salary, up to the maximum allowed under the *Income Tax Act* (Canada). Amounts in excess of the maximum allowed are paid to the Supplementary Plan.

(iii) Accrued service pensions

A service pension is available from the Registered Plan based on 1/45th of the member's best five years average salary times years of pensionable service prior to 1 January 1991, plus 2% of the member's best five years average salary times years of pensionable service after 1 January 1991. When a member who retired after 31 August 1998 reaches age 65, this pension is reduced by 0.6% of the member's best five years average salary up to average YMPE times years of pensionable service after 1 April 1967. The calculated amount shall not exceed the maximum allowable benefit as determined under the *Income Tax Act* (Canada).

Where the calculated amount does exceed the maximum allowable benefit as determined under the *Income Tax Act* (Canada), a vested member who is no longer an employee can receive a pension from the Supplementary Plan. The total pension received from both the Registered Plan and the Supplementary Plan equals the amount calculated based on 1/45th of the member's best five years average salary times years of pensionable service prior to 1 January 1991, plus 2% of the member's best five years average salary times years of pensionable service after 1 January 1991.

(iv) Disability pensions

A disability pension equal to the accrued service pension is available on permanent incapacity at any age with a minimum of five years pensionable service.

(v) Survivor pensions

A survivor pension of 60% of the member's accrued service pension is paid to the surviving principal beneficiary (and on the surviving principal beneficiary's death, to dependent children) following the death of a pensioner, a deferred pensioner or an employee with at least five years pensionable service.

Authority and description (cont.)

(b) Teachers' Pension Plan (cont.)

(vi) Pre-retirement death benefits

Where an employee with at least five years pensionable service dies before receiving a pension and a survivor benefit is payable, the surviving principal beneficiary may elect to receive either the survivor benefit, or the greater of the commuted value of the survivor benefit and the commuted value of the employee's pension entitlement.

On 4 June 2008, the Province amended the *Teachers' Pensions Act (1991)* to address situations where plan members die before receiving a pension and without a principal beneficiary. The amendment that was applied retroactively to 13 December 2005, directs that the commuted value of the plan member's entitlement be paid to the estate. In addition, the amendment provides for transitional arrangements to deal with current circumstances where a plan member died before receiving a pension, without a principal beneficiary, and a survivor benefit is being paid to eligible children. The amendment allows a child who was receiving a survivor benefit when the amendment came into force to continue to receive the survivor benefit or to elect to be paid the commuted value of the entitlement at the date of death of the deceased employee less any payments already received by the child at the date of election.

(vii) Termination benefits

On termination of employment, a teacher may elect to receive a refund of the teacher's own contributions with interest or, if the teacher has at least five years pensionable service, may elect to receive a deferred pension or commuted value.

(viii) Indexing

Effective 1 September 2002 and each 1 September thereafter the amount of a pension or survivor benefit paid to an individual who has reached the age of 65 will be adjusted by 60% of the Consumer Price Index for Canada for the previous calendar year as published by Statistics Canada, to a maximum of 1.2% of the annual pension or survivor benefit. This provision only applies to a pension or survivor benefit where the teacher to whom that pension or benefit relates retires after 31 August 1998.

Authority and description (cont.)

(c) Uniformed Services Pension Plan

(i) General

The Plan is a contributory defined benefit pension plan covering members of the Royal Newfoundland Constabulary, warders at various Provincial correctional institutions, and some members of the St. John's Regional Fire Department.

(ii) Employee contributions

Prior to 1 January 2009, employee contributions were equal to 8.5% of the Canada Pension Plan (CPP) basic exemption, plus 6.7% of the employee's salary between the CPP basic exemption and the Year's Maximum Pensionable Earnings (YMPE) under the CPP, plus 8.5% of the employee's salary in excess of the YMPE. Pursuant to a 2005 Actuarial Report, on 1 December 2008 the Province approved an increase in the contribution rate of 1.45%. As a result, effective 1 January 2009, the employee contribution rates increased to 9.95% of the CPP basic exemption, plus 8.15% of the employee's salary between the CPP basic exemption and the YMPE under the CPP, plus 9.95% of the employee's salary in excess of the YMPE. Grandfathered members, who are now all retired, contributed an additional 3.5% of salary, which was also matched by the Province.

(iii) Accrued service pensions

A service pension is available based on the number of years of pensionable service times 2% of the member's best three years average salary. When a retired member reaches age 65, this pension is reduced by 0.6% of the member's best three years average salary up to average YMPE times years of pensionable service after 1 April 1967. Grandfathered members have higher service pensions in recognition of higher contributions (as set out in Employee contributions above).

(iv) Disability pensions

A disability pension equal to the accrued service pension is available on permanent incapacity at any age with a minimum of five years pensionable service.

(v) Survivor pensions

A survivor pension of 60% of the member's accrued service pension is paid to the surviving principal beneficiary (and on the surviving principal beneficiary's death, to dependent children) following the death of a pensioner, a deferred pensioner or an employee with at least five years pensionable service. For grandfathered members, the survivor pension is 55% of the member's accrued service pension.

Authority and description (cont.)

(c) Uniformed Services Pension Plan (cont.)

(vi) Pre-retirement death benefits

Where an employee with at least five years pensionable service dies before receiving a pension and a survivor benefit is payable, the surviving principal beneficiary may elect to receive either the survivor benefit, or the greater of the commuted value of the survivor benefit and the commuted value of the employee's pension entitlement.

On 4 June 2008, the Province amended the *Uniformed Services Pensions Act, 1991* to address situations where plan members die before receiving a pension and without a principal beneficiary. The amendment that was applied retroactively to 13 December 2001, directs that the commuted value of the plan member's entitlement be paid to the estate. In addition, the amendment provides for transitional arrangements to deal with current circumstances where a plan member died before receiving a pension, without a principal beneficiary, and a survivor benefit is being paid to eligible children. The amendment allows a child who was receiving a survivor benefit when the amendment came into force to continue to receive the survivor benefit or to elect to be paid the commuted value of the entitlement at the date of death of the deceased employee less any payments already received by the child at the date of election.

(vii) Termination benefits

On termination of employment, an employee may elect to receive a refund of the employee's own contributions with interest or, if the employee has at least five years pensionable service, may elect to receive a deferred pension or the commuted value.

(d) Members of the House of Assembly Pension Plan

(i) General

The Plan is a contributory defined benefit pension plan for Members of the House of Assembly (MHAs). Members may elect not to participate in the Plan for their first term.

The Plan is comprised of two components, a Registered Plan, which provides registered pension benefits allowable under the *Income Tax Act* (Canada), and a Supplementary Plan, which provides benefits in excess of the *Income Tax Act* (Canada) maximum benefit limits. These financial statements include only amounts that pertain to the Registered Plan. Amounts that pertain to the Supplementary Plan are included within the accounts of the Consolidated Revenue Fund.

Authority and description (cont.)

(d) Members of the House of Assembly Pension Plan (cont.)

(ii) Member contributions

Members are required to pay 9% of their pensionable salary to the Registered Plan, up to the maximum allowed under the *Income Tax Act* (Canada). Amounts in excess of the maximum allowed are paid to the Supplementary Plan. Member contributions cease after seventeen years of service if elected before or during the 43rd General Assembly and after twenty years of service if elected since that time.

On 4 June 2008, the Province amended the *Members of the House of Assembly Retiring Allowances Act*. This amendment provided that for Members elected prior to the 46th General Assembly, their pensionable salary effective 1 July 2007 would be equal to 81.2% of the salary authorized by the Legislature to be paid.

(iii) Calculation of allowances on retirement

A vested Member who is no longer an MHA or a minister may, on application and subject to eligibility criteria, receive an allowance from the Registered Plan that is the product of 2% of MHA's and minister's salary for the best three calendar years. When a Member reaches age 65, the amount of the registered allowance is reduced by 0.6% of the Member's average YMPE times years of service between 1 January 1998 and 31 December 2004. The amount of the registered allowance shall not exceed the maximum allowable benefit as determined under the *Income Tax Act* (Canada).

Where the calculated allowance does exceed the maximum allowable benefit as determined under the *Income Tax Act* (Canada), a vested Member who is no longer an MHA or a minister can receive an allowance from the Supplementary Plan. The Member's supplementary allowance is reduced by the amount of his or her registered allowance. The annual allowance is based on a percentage of the average of the Member's pensionable salary for the best three calendar years.

For Members elected for the first time before or during the 43rd General Assembly, the percentage is calculated at 5% for each of the first ten years, 4% for each of the next five years, 2.5% for each of the next two years and 2% for each year of other service. Ministers receive an additional allowance calculated similarly and based on service and salary as a Minister (excluding Member's salary).

For Members elected for the first time after the 43rd General Assembly the percentage is 5% for each of the first ten years, 2.5% for each of the next ten years, and 2.0% for each year of other service. When a Member reaches age 65, the amount of the supplementary allowance is reduced by 0.6% of the Member's average YMPE times years of service after 1 April 1967 (service between 1 January 1998 and 31 December 2004 excluded).

Authority and description (cont.)

(d) Members of the House of Assembly Pension Plan (cont.)

(iv) Disability allowance

A disability allowance equal to the amount of the registered allowance the Member would have been eligible to receive at 65 years of age is available if a Member becomes permanently disabled. Additional supplementary benefits are also available on disability.

(v) Survivor benefits

A survivor benefit equal to 60% of the Member's registered allowance that he or she would have received had he or she reached age 65 on the date of death is paid to the surviving principal beneficiary.

(vi) Pre-retirement death benefits

If a Member dies before receiving an allowance and a survivor benefit is payable, the surviving principal beneficiary may elect to receive the survivor benefit, or the greater of the commuted value of the survivor benefit and the commuted value of the Member's entitlement. Where a survivor pension is not payable, the commuted value of the pension entitlement is paid to the deceased plan Member's estate.

(vii) Termination benefits

A Member who is no longer an MHA or a minister and who has been elected to only one general assembly or who has less than five years of service may elect to receive a refund of his or her contributions with interest.

A vested Member who is no longer an MHA or a minister may, subject to eligibility criteria, elect to transfer the commuted value of his or her entitlement under the Registered Plan to another approved retirement arrangement, or receive a deferred registered allowance. Also, the Member may receive a lump sum payment of his or her entitlement under the Supplementary Plan, or receive a deferred supplementary allowance.

Authority and description (cont.)

(e) Provincial Court Judges' Pension Plan

(i) General

The Plan is a contributory defined benefit pension plan covering all Provincial Court judges appointed on or after 1 April 2002, and to a judge who elected on or before 1 April 2002 to join the Plan.

The Plan is comprised of two components, a Registered Plan, which provides registered pension benefits allowable under the *Income Tax Act* (Canada), and a Supplementary Plan, which provides benefits in excess of the *Income Tax Act* (Canada) maximum benefit limits. These financial statements include only amounts that pertain to the Registered Plan. Amounts that pertain to the Supplementary Plan are included within the accounts of the Consolidated Revenue Fund.

(ii) Judges' contributions

Judges are required to pay 9% of their pensionable salary to the Registered Plan, up to the maximum allowed under the *Income Tax Act* (Canada). Amounts in excess of the maximum allowed are paid to the Supplementary Plan. Judges' contributions cease when they have accrued and paid contributions for twenty years of pensionable service.

(iii) Calculation of allowances on retirement

The annual amount of the allowance paid from the Registered Plan to a vested judge on normal retirement is the product of 2% of his or her annual salary on ceasing to be a judge, multiplied by the number of years of service as a judge, to a maximum of 20 years. The amount shall not exceed the maximum allowable benefit as determined under the *Income Tax Act* (Canada).

The annual amount of the allowance paid from the Supplementary Plan to a vested judge on normal retirement is the product of 3.33% of his or her annual salary on ceasing to be a judge, multiplied by the number of years of service as a judge, to a maximum of 20 years. A judge's supplementary allowance is reduced by the amount of the judge's registered allowance.

Normal retirement date is the first day of the month following the judge's 65th birthday.

(iv) Survivor benefits

A survivor benefit equal to 60% of the pensioner's or judge's registered allowance that he or she would have received had he or she reached age 65 on the date of death is paid to the surviving principal beneficiary.

Authority and description (cont.)

(e) Provincial Court Judges' Pension Plan

(v) Pre-retirement death benefits

If a judge dies before receiving an allowance and a survivor benefit is payable, the surviving principal beneficiary may elect to receive the survivor benefit, or the greater of the commuted value of the survivor benefit and the commuted value of the judge's entitlement. Where a survivor pension is not payable, the commuted value of the entitlement is paid to the deceased judge's estate.

(vi) Termination benefits

A judge who has stopped serving as a judge and who has less than two years of judge's service may elect to receive a refund of his or her contributions with interest.

A judge who has at least two years of judge's service may, subject to eligibility criteria, elect to transfer the commuted value of his or her entitlement under the Registered Plan to another approved retirement arrangement, receive a lump sum payment of his or her entitlement under the Supplementary Plan, or receive a deferred allowance.

(vii) Indexing

Effective 1 October 2002 and each 1 October thereafter, the amount of the allowance or survivor benefit paid to an individual who has reached the age of 65 shall be adjusted by 60% of the Consumer Price Index for Canada for the previous calendar year as published by Statistics Canada, to a maximum of 1.2% of the annual allowance or survivor benefit.

1. Significant accounting policies

These consolidated financial statements have been prepared by the Fund's management in accordance with Canadian generally accepted accounting principles. The consolidated financial statements present the aggregate financial position of the Fund as a separate financial reporting entity including the operations of its subsidiary Newvest Realty Corporation. They are prepared to assist plan members and others in reviewing the activities of the Fund for the fiscal period. Outlined below are the significant accounting policies followed.

(a) Principles of consolidation

These consolidated financial statements include the assets, liabilities and the changes in net assets of the Fund and Newvest Realty Corporation, a wholly-owned subsidiary incorporated on 9 August 2001 under the *Canada Business Corporations Act* to invest monies received from the Fund in Canadian real estate property. Inter-entity transactions and balances have been eliminated in these consolidated financial statements.

1. Significant accounting policies (cont.)

(b) Gains and losses on investments

The cost of sales for all investment dispositions is calculated as the weighted average of their costs.

(c) Investment income

Investment income is allocated to the pension plans under the Fund based on the respective equity position, calculated on a market basis, of each plan after giving effect to a time weighting of receipts and disbursements. The proportionate share of investment income is then attributed to each plan.

Investment income consists of the following:

(i) Dividend income which is recognized as of the date of record for North American equities and as of the date of receipt for non-North American equities.

(ii) Bank interest and interest on bonds and debentures, and short-term notes and deposits, which is recognized as it is earned.

(iii) Real estate income which is recognized on consolidation of Newvest Realty Corporation.

(iv) Foreign exchange gains or losses.

(d) Current period change in the market value of investments

The current period change in the market value of investments is allocated to the pension plans under the Fund based on the respective equity position, calculated on a market basis, of each plan after giving effect to a time weighting of receipts and disbursements. The proportionate share of current period change in the market value of investments is then attributed to each plan.

(e) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets available for benefits during the year. Management believes that the estimates utilized in preparing these consolidated financial statements are reasonable and prudent; however, actual results could differ from these estimates.

2. Investments

All investments are valued as follows:

(a) Short-term notes and deposits are valued at book value which approximates market value.

(b) Bonds and debentures are valued at the mean or the average price at the valuation date.

2. Investments (cont.)

(c) Publicly traded equities are valued at the last traded price on the valuation date. In instances where the quoted stock has not been traded on valuation date, the last available traded price is used.

(d) The Fund holds its real estate investments through its sole ownership interest in Newvest Realty Corporation. Income producing properties are presented in these financial statements at their appraised values in accordance with the Corporation's appraisal policy which requires that properties be appraised at least once every two years by professionally qualified independent appraisers. The external appraisals are completed in six month cycles on approximately one quarter of the Corporation's portfolio. The properties that are not externally appraised during each six month cycle are appraised by Bentall Limited Partnership. Any properties acquired by the Corporation in the current year have not been appraised and are therefore recorded at cost. Any increases or decreases in value resulting from the appraisal process are reflected in the Fund's financial statements on consolidation.

3. Real estate investments

The Fund's investment in real estate as at 31 December 2008, is comprised of real estate investments held by its wholly owned subsidiary, Newvest Realty Corporation, as follows:

	2008 **(000's)**	2007 (000's)
Assets		
Income producing properties (Appraised Value)	**$ 201,343**	$ 178,460
Other assets	**15,723**	13,080
Total assets	**$ 217,066**	$ 191,540
Liabilities and Equity		
Mortgages payable (Appreciated Value)	**$ 72,213**	$ 71,951
Other liabilities	**6,372**	7,818
Shareholder's equity	**138,481**	111,771
Total liabilities and equity	**$ 217,066**	$ 191,540
Income, Expenses and Shareholder's Equity		
Income	**$ 20,460**	$ 21,855
Operating expenses	**(7,404)**	(7,132)
Operating income (at cost)	**13,056**	14,723
Other expenses	**(8,033)**	(7,689)
Net income for the year (at cost)	**5,023**	7,034

3. Real estate investments (cont.)

	2008 **(000's)**	2007 (000's)
Current period change in market value of income producing properties	**(4,959)**	13,259
Current period change in market value of mortgages	**176**	1,476
	(4,783)	14,735
Net income for the year (at appraised and appreciated values)	**240**	21,769
Shareholder's equity, beginning of year	**111,771**	95,951
Shares issued for cash	**39,270**	-
Shares cancelled for cash	**(9,760)**	(4,349)
Dividends declared	**(3,040)**	(1,600)
Shareholder's equity	**$ 138,481**	$ 111,771

4. Mortgages payable

Mortgages payable represent financing obtained by the Corporation for the acquisition of income producing properties. For investment information purposes, principal values and appreciated values are shown. Appreciated value is the mortgage's market value based on the discounted future cash payments using current or similar market interest rates. Details are as follows:

	2008		2007	
	Principal Value **(000's)**	**Appreciated Value** **(000's)**	Principal Value (000's)	Appreciated Value (000's)
(a) Bayview Chateau and White Rock Gardens, White Rock, British Columbia. Mortgage, held by The Great-West Life Assurance Company, repayable in monthly installments of $26,705, including interest calculated at a rate of 5.58% per annum, maturing 1 July 2012, secured by a conventional first mortgage, a general security agreement, and a general assignment of rents.	**$ 4,223**	**$ 4,297**	$ 4,308	$ 4,308

4. Mortgages payable (cont.)

	2008		2007	
	Principal Value	**Appreciated Value**	Principal Value	Appreciated Value
	(000's)	**(000's)**	(000's)	(000's)
(b) 2 Silver Maple Court, Brampton, Ontario. Mortgage, held by The Great-West Life Assurance Company, repayable in monthly installments of $90,207, including interest calculated at a rate of 5.68% per annum, maturing 1 February 2013.	**-**	**-**	11,036	11,392
(c) Park and Tilford Shopping Centre, North Vancouver, British Columbia. Mortgage, held by The Great-West Life Assurance Company, repayable in monthly installments of $137,927, including interest calculated at a rate of 5.88% per annum, maturing 1 September 2010.	**19,421**	**19,820**	19,931	20,165
(d) TD Creekside Corporate Centre, Mississauga Ontario. Mortgage (50% interest), held by Metropolitan Life Insurance Company, repayable in monthly installments of $115,194, including interest calculated at a rate of 5.71% per annum, maturing 1 July 2014, secured by a freehold first mortgage and charge on the property, a general security agreement, a first general assignment of rents, and a first specific assignment of a tenant lease.	**16,808**	**17,022**	17,228	17,421
(e) 2001 Bantree, Ottawa, Ontario. Mortgage (50% interest), held by Equitable Life, repayable in monthly installments of $38,816, including interest calculated at a rate of 5.09% per annum, maturing 1 August 2015, secured by a first mortgage and charge on the property, a first general assignment of leases and rents, a first specific assignment of leases, a first general security agreement of assets of the property, and assignment of insurance proceeds and endorsements to all policies.	**6,135**	**5,970**	6,288	6,142

4. Mortgages payable (cont.)

	2008		2007	
	Principal Value	**Appreciated Value**	Principal Value	Appreciated Value
	(000's)	**(000's)**	(000's)	(000's)
(f) Thunder Centre, Thunder Bay, Ontario. Mortgage (50% interest), held by CIBC, repayable in monthly installments of $53,718, including interest calculated at a rate of 5.743% per annum, maturing 1 September 2015, secured by a first mortgage and charge on the property, a first general assignment of leases and rents, a specific assignment of leases, assignment of the head lease with the vendor, and assignment of the letter of credit relative to the head lease.	**8,037**	**8,037**	8,226	8,226
(g) Centre 5735, Calgary, Alberta. Mortgage, held by Equitable Life, repayable in monthly installments of $26,630, including interest calculated at a rate of 5.28% per annum, maturing 1 December 2016, secured by a first mortgage and charge on the property, and a general security agreement.	**4,273**	**4,142**	4,367	4,297
(h) 4500 Chemin Bois Franc, St. Laurent, Quebec. Mortgage, held by TD Canada Trust, repayable in full on 26 January 2009 at an amount of $2,401,000, including interest calculated at a rate of 5.40% per annum.	**2,401**	**2,401**	-	-
(i) Faubourg Bois Franc, St. Laurent, Quebec. Mortgage, held by CIBC Mortgages Inc., repayable in monthly installments of $57,238, including interest calculated at a rate of 5.00% per annum, maturing 1 September 2017, secured by a first hypothec for registration against title to the properties in the amount of $10,725,000, a general immovable hypothec of rents being a first priority interest in rents payable and the insurance indemnities on such rents, a movable hypothec of the lease(s), and a movable hypothec in the amount of $10,725,000 being a first priority interest in all present and future personal or movable property corporeal or incorporeal of the Borrower.	**10,524**	**10,524**	-	-
	$71,822	**$72,213**	$71,384	$71,951

4. Mortgages payable (cont.)

Annual principal repayments totalling $32.0 million (2007 - $31.7 million) to be made during the next five years are as follows:

	(000's)
2009	$ 4,100
2010	20,101
2011	1,290
2012	5,193
2013	1,325
	$ 32,009

5. Increase (decrease) in net assets, investments

	Investment income (000's)	Gain on sale of investments (000's)	Current period change in market value of investments (000's)	2008 Total (000's)	2007 Total (000's)
Canadian common equities	$ 52,616	$ (18,298)	$ (749,352)	$ (715,034)	$ 284,016
Foreign common equities	70,903	(209,474)	(609,294)	(747,865)	(218,777)
Bonds and debentures	70,144	18,173	(11,094)	77,223	49,817
Short-term notes and deposits	7,989	1,317	-	9,306	4,299
Real estate	5,023	-	(4,783)	240	21,769
	$ 206,675	$ (208,282)	$(1,374,523)	$ (1,376,130)	$ 141,124

6. Funding policy

In accordance with legislation, the Province's funding requirement is to match employee contributions for current service. Matching of contributions may also occur for certain other types of prior service, which may be purchased under contract (see Note 9).

Also, the Province is required to pay into the Fund amounts required to cover any actual plan deficiencies which may occur. A plan deficiency occurs when pension payments, refunds of contributions and administrative costs exceed a plan's fund balance.

In 2007, the Province entered into an agreement with the Newfoundland and Labrador Association of Public and Private Employees, the Canadian Union of Public Employees, the Association of Allied Health Professionals, the Newfoundland and Labrador Nurses Union, the International Brotherhood of Electrical Workers, and the Canadian Merchant Marine Services Guild to address the unfunded liability of the Public Service Pension Plan. In accordance with the agreement, the Province paid $982 million to the Public Service Pension Plan to help address the unfunded liability of the Plan.

7. Administrative costs

Administrative costs are direct costs of the Department of Finance, Pensions Division, and are allocated to the various pension plans based on a combination of expenses directly attributable to a plan, the number of members participating in the various pension plans and a time weighing of receipts and disbursements. Administrative costs were comprised as follows:

	2008 **(000's)**	2007 (000's)
Investment management, consulting and custodial fees	**$ 14,348**	$ 15,178
Salaries and benefits	**1,828**	1,820
Computer charges	**269**	359
Other expenses	**226**	206
Medical and professional fees	**172**	213
Actuarial consulting fees	**144**	332
	$ 16,987	$ 18,108

8. Teachers' Indexing Fund

The total fund balance relating to the Teachers' Pension Plan is comprised of the regular fund balance and the fund balance of the Teachers' Indexing Fund. In accordance with the most recent Teachers' Collective Agreement, contributions required to fund the indexing benefit introduced as of 1 September 2002 shall be deposited to a separate account. As at 31 December 2008 the increase and decrease in the net assets of the Fund related to the Teachers' Indexing Fund and the closing balance, along with the closing balance of the Fund related to the Teachers' Regular Fund, are comprised as follows:

8. Teachers' Indexing Fund (cont.)

	2008 (000's)	2007 (000's)
Teachers' Indexing Fund:		
Increases in net assets		
Contributions	$ 6,348	$ 6,136
Investment income (loss)	(9,480)	841
	(3,132)	6,977
Decreases in net assets		
Pensions	14	10
Administrative costs	108	99
	122	109
Increase (decrease) in net assets	(3,254)	6,868
Teachers' Indexing Fund balance, beginning of year	42,390	35,522
Teachers' Indexing Fund balance, end of year	39,136	42,390
Teachers' Regular Fund balance	2,170,230	2,936,848
Teachers' Pension Plan combined balance	$ 2,209,366	$ 2,979,238

9. Obligations for pension benefits

The present value of accrued pension benefits was determined using the projected benefit method prorated on service and the best estimate assumptions of the Trustee of the Province of Newfoundland and Labrador Pooled Pension Fund. Actuarial valuations were performed for each plan as of the valuation dates noted below, by a firm of consulting actuaries. The unfunded liabilities at the most recent valuation date are shown in the following table. In addition, the table shows the unfunded liabilities for each plan as extrapolated by the actuaries to 31 December 2008.

		At Valuation Date				
Plan	**Valuation Date**	**Actuarial Present Value**	**Asset Value**	**Unfunded Liability**	**Extrapolated Unfunded Liability at 31 December 2008**	**Extrapolated Unfunded Liability at 31 December 2007**
		(000's)	**(000's)**	**(000's)**	**(000's)**	**(000's)**
Public Service Pension Plan	12/31/2006	$ 4,464,970	$ 2,630,150	$ 1,834,820	$ 2,210,170	$ 1,109,320
Teachers' Pension Plan	08/31/2006	3,344,950	2,750,940	594,010	1,342,890	490,000
Uniformed Services Pension Plan	12/31/2005	269,590	62,530	207,060	253,250	216,600
Members of the House of Assembly Pension Plan	12/31/2006	9,820	11,220	(1,400)	2,620	(840)
Provincial Court Judges' Pension Plan	12/31/2007	2,331	2,165	166	650	(20)
		$ 8,091,661	$ 5,457,005	$ 2,634,656	$ 3,809,580	$ 1,815,060

The actuarial present values for the Public Service Pension Plan, the Teachers' Pension Plan and the Uniformed Services Pension Plan include the effects of future pension benefits accruing to members for periods of prior service that are being purchased under contract. These contracts provide for deferred payment terms, subject to interest, and have not been recognized in the Fund's assets. As at 31 December 2008, the total estimated value of payments to be received on these contracts is $4.3 million (2007 - $3.6 million).

10. Related party transactions

The following related party investments were held by the Fund as at 31 December 2008:

Description	Face Value (000's)	Market Value (000's)
Province of Newfoundland and Labrador Debentures - Maturing from 3 November 2009 to 17 October 2033	$ 9,160	$ 9,912
Newfoundland and Labrador Hydro Debentures - Maturing 14 July 2017	1,040	1,501
	$ 10,200	$ 11,413

11. Portfolio management

In accordance with an agreement dated 1 February 1997, between the Minister of Finance as Trustee of the Province of Newfoundland and Labrador Pooled Pension Fund and RBC Dexia Investor Services, custodial and administrative services for the Fund were performed by RBC Dexia Investor Services, as agent for the Trustee. In an agreement dated 28 September 2008, between the Minister of Finance as Trustee of the Province of Newfoundland and Labrador Pooled Pension Fund and CIBC Mellon Global Securities Services, the custodial and administrative services for the Fund were assumed by CIBC Mellon Global Securities Services effective 1 October 2008.

As at 31 December 2008, the external investment fund counselling group was comprised of the following firms:

Baillie Gifford Overseas Limited
Bentall Limited Partnership
Beutel, Goodman & Company Ltd.
Connor, Clark & Lunn Investment Management Ltd.
Genus Capital Management Inc.
Jacobs Levy Equity Management Inc.
Phillips, Hager & North Investment Management Ltd.
Sanford C. Bernstein and Company, LLC
Sprucegrove Investment Management Ltd.
Systematic Financial Management Limited Partnership
UBS Global Asset Management (Canada) Co.

12. Financial instruments

The Fund's financial instruments recognized in the Consolidated Statement of Net Assets Available for Benefits consist of investments, which are carried at market value, and receivables, cash, accounts payable and accrued liabilities, refunds payable, due to Province of Newfoundland and Labrador, and mortgages payable, the carrying values of which approximate current fair value due to their nature and the terms and conditions of those instruments.

13. Subsequent event

On 10 June 2009, pursuant to section 22(f) of the *Financial Administration Act*, the Province approved a special payment of $100 million to the Province of Newfoundland and Labrador Pooled Pension Fund to be credited to the Uniformed Services Pension Plan in fiscal year 2009-2010. This special payment is pursuant to a commitment made to the Newfoundland and Labrador Association of Public Employees during negotiation of the Correctional Officers' Collection Agreement. The special payment is being provided to reduce the Province's unfunded pension liability.

14. Income taxes

The Fund is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

PROVINCIAL ADVISORY COUNCIL ON THE STATUS OF WOMEN - NEWFOUNDLAND AND LABRADOR

FINANCIAL STATEMENTS

31 MARCH 2009

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Directors
Provincial Advisory Council on the Status
of Women - Newfoundland and Labrador
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Provincial Advisory Council on the Status of Women - Newfoundland and Labrador as at 31 March 2009 and the statements of revenues, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at 31 March 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
19 June 2009

PROVINCIAL ADVISORY COUNCIL ON THE STATUS OF WOMEN - NEWFOUNDLAND AND LABRADOR

BALANCE SHEET

31 March	**2009**	**2008**
ASSETS		
Current		
Cash	$ 9,915	$ 711
Accounts receivable (Note 2)	3,619	11,202
Prepaid expenses (Note 3)	3,218	5,196
	16,752	17,109
Capital assets (Note 4)	22,164	35,235
	$ 38,916	$ 52,344
LIABILITIES AND SURPLUS		
Current		
Accounts payable and accrued liabilities	$ 14,755	$ 8,482
Deferred revenue	-	11,000
	14,755	19,482
Surplus	24,161	32,862
	$ 38,916	$ 52,344

Commitments (Note 5)

Signed on behalf of the Council: Linda Ross
President

Michelle Murdoch
Member

PROVINCIAL ADVISORY COUNCIL ON THE STATUS OF WOMEN - NEWFOUNDLAND AND LABRADOR

STATEMENT OF REVENUES, EXPENSES AND SURPLUS

For the Year Ended 31 March	2009	2008
REVENUES		
Province of Newfoundland and Labrador operating grant	$ 420,900	$ 292,200
Interest	1,009	13
	421,909	292,213
EXPENSES		
Amortization	14,017	13,828
Council meetings	40,814	42,125
Interest on long-term debt	-	678
Moving expenses	-	4,847
Operating expenses	48,006	40,975
Outreach	17,487	20,228
Rent	29,608	37,831
Salaries and employee benefits	280,678	249,312
	430,610	409,824
Excess of expenses over revenues before gain on sale of property	(8,701)	(117,611)
Gain on sale of property	-	140,499
Excess of (expenses over revenues) revenues over expenses	(8,701)	22,888
Surplus, beginning of year	32,862	9,974
Surplus, end of year	$ 24,161	$ 32,862

PROVINCIAL ADVISORY COUNCIL ON THE STATUS OF WOMEN - NEWFOUNDLAND AND LABRADOR

STATEMENT OF CASH FLOWS

For the Year Ended 31 March	2009	2008
Cash flows from operating activities		
Excess of (expenses over revenues) revenues over expenses	$ **(8,701)**	$ 22,888
Gain on sale of property	-	(140,499)
Adjustment for non-cash items		
Amortization	**14,017**	13,828
	5,316	(103,783)
Changes in non-cash working capital		
Accounts receivable	**7,583**	(8,154)
Prepaid expenses	**1,978**	(3,118)
Accounts payable and accrued liabilities	**6,273**	(1,208)
Deferred revenue	**(11,000)**	11,000
	10,150	(105,263)
Cash flows from financing activities		
Repayment of long-term debt	-	(14,857)
Cash flows from investing activities		
Purchase of capital assets	**(946)**	(39,614)
Net proceeds from sale of property	-	161,799
	(946)	122,185
Net increase in cash	**9,204**	2,065
Cash (bank indebtedness), beginning of year	**711**	(1,354)
Cash, end of year	$ **9,915**	$ 711

Authority

The Provincial Advisory Council on the Status of Women - Newfoundland and Labrador (the Council) was established under the *Status of Women Advisory Council Act.* The purpose of the Council is to advise the Minister responsible for the Status of Women, the Government and the public on matters of interest and concern to women. Its affairs are managed by a Board of Directors appointed by the Lieutenant-Governor in Council.

1. Significant accounting policies

These financial statements have been prepared by the Council's management in accordance with Canadian generally accepted accounting principles. Outlined below is the significant accounting policy followed.

Capital assets

All capital assets are capitalized at cost at the time of acquisition. Amortization for capital assets is calculated using the methods described below based on the expected future useful life of the assets as follows:

Furniture and office equipment	Straight line, 5 years
Computer hardware and software	Straight line, 3 years
Leasehold improvements	Straight line, 5 years

2. Accounts receivable

	2009	2008
Harmonized sales tax	**$ 3,619**	$ 11,202

There is no allowance for doubtful accounts since all amounts are considered collectible.

3. Prepaid expenses

	2009	2008
Insurance	**$ 793**	$ 927
Rent	-	2,467
Travel	**517**	-
Workplace Health, Safety and Compensation Commission	**1,908**	1,802
	$ 3,218	$ 5,196

4. Capital assets

	2009			2008
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and office equipment	$ 27,896	$ 11,464	$ 16,432	$ 21,066
Computer hardware and software	23,767	19,579	4,188	12,110
Leasehold improvements	2,574	1,030	1,544	2,059
Total	$ 54,237	$ 32,073	$ 22,164	$ 35,235

5. Commitments

In March 2007, the Council entered into a 3 year agreement for the lease of a photocopier requiring quarterly lease payments of $1,017. Also, in March 2007, the Council entered into a 5 year agreement to lease a postage meter requiring monthly lease payments of $28. In August 2007, the Council entered a 5 year agreement for the lease of office space requiring monthly lease payments of $2,618 with an option to renew for an additional 5 years at the same terms and conditions.

6. Pensions

Council staff are subject to the *Public Service Pensions Act.* Employee contributions are matched by the Council and remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Council's share of pension contributions for 2009 was $18,306 (2008 - $17,423).

7. Economic dependence

As the Council's revenue consists primarily of operating grants from the Province, its ability to continue viable operations is dependent upon the decisions of the Province.

8. Financial instruments

The Council's current financial instruments recognized on the balance sheet consist of cash, accounts receivable, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

9. Income taxes

The Council is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD

FINANCIAL STATEMENTS

31 MARCH 2009

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Chairperson and Members
Provincial Information and Library
  Resources Board
Stephenville, Newfoundland and Labrador

I have audited the balance sheet of the Provincial Information and Library Resources Board as at 31 March 2009 and the statements of changes in net assets, revenue and expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at 31 March 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
18 June 2009

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD

BALANCE SHEET

31 March

	2009	2008
ASSETS		
Current		
Cash	$ 2,377,781	$ 2,418,437
Accounts receivable (Note 2)	137,634	64,048
Prepaid expenses (Note 3)	284,616	185,762
	2,800,031	2,668,247
Provincial Territorial Public Library Council Trust fund	34,910	20,006
Long-term investments (Note 4)	23,492	23,492
Capital assets (Note 5)	2,363,091	2,310,073
	$ 5,221,524	$ 5,021,818
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities (Note 6)	$ 1,009,707	$ 807,981
Deferred revenue (Note 7)	795,395	682,273
Deposits - local libraries (Note 8)	8,314	8,596
	1,813,416	1,498,850
Provincial Territorial Public Library Council Trust fund payable	34,910	20,006
Severance pay liability	1,183,585	1,067,160
	3,031,911	2,586,016
Net assets		
Unrestricted net assets (deficit)	(173,478)	125,729
Net assets invested in capital assets	2,363,091	2,310,073
	2,189,613	2,435,802
	$ 5,221,524	$ 5,021,818

Commitments (Note 9)

Signed on behalf of the Board: Calvin Taylor **Chairperson** Shawn Telford **Member**

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD

STATEMENT OF CHANGES IN NET ASSETS

For the Year Ended 31 March

	Invested in Capital Assets	Unrestricted	2009	2008
Net assets, beginning of year	**$ 2,310,073**	**$ 125,729**	**$ 2,435,802**	$ 1,938,472
Capital grant from Province	-	**382,270**	**382,270**	616,000
Less: Deferred capital grant	-	**(20,000)**	**(20,000)**	(20,000)
Excess of expenses over revenue	**(590,242)**	**(18,217)**	**(608,459)**	(98,670)
Invested in capital assets	**702,264**	**(702,264)**	-	-
Proceeds from disposal of capital assets	**(59,004)**	**59,004**	-	-
Net assets (deficit), end of year	**$ 2,363,091**	**$ (173,478)**	**$ 2,189,613**	$ 2,435,802

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD

STATEMENT OF REVENUE AND EXPENSES

For the Year Ended 31 March	2009		2008
	Actual	Budget (Note 10)	Actual
REVENUE			
Operating grant from the Province	$ 9,637,300	$ 9,377,300	$ 9,067,700
Other grants			
Computerization projects	541,852	-	505,205
Educational DVD Project	-	-	179,000
Gain on disposal of assets	29,734	-	-
Interest	66,631	60,000	145,651
Miscellaneous	63,122	-	61,248
Fines and lost library materials	55,199	40,000	45,367
	10,393,838	9,477,300	10,004,171
EXPENSES			
Amortization	619,976	-	668,342
Books and periodicals	1,029,363	1,218,291	914,575
Computerization of libraries	328,129	335,000	359,539
Conferences and workshops	23,316	60,000	13,011
Educational DVD Project	300	-	146,134
Freight and postage	59,706	76,750	53,156
Grants - local libraries (Schedule)	517,567	437,000	430,353
Heat and light	5,821	7,000	7,482
Insurance	70,396	109,000	72,676
Loss on disposal of capital assets	-	-	7,429
Miscellaneous	5,444	-	2,074
Office and library supplies	182,361	193,634	111,737
Professional fees	9,298	110,000	23,345
Provincial Territorial Public Library Council	-	-	5,003
Rental of premises	364,086	399,500	351,940
Repairs and maintenance	13,847	17,650	25,269
Salaries and benefits	7,563,079	7,876,883	6,710,522
Telephone	69,865	72,500	66,882
Travel	139,743	172,450	133,372
	11,002,297	11,085,658	10,102,841
Excess of expenses over revenue	$ (608,459)	$ (1,608,358)	$ (98,670)

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
STATEMENT OF CASH FLOWS

For the Year Ended 31 March	2009	2008
Cash flows from operating activities		
Excess of expenses over revenue	$ (608,459)	$ (98,670)
Adjustments for non-cash items		
Amortization	619,976	668,342
(Gain) loss on disposal of capital assets	(29,734)	7,429
	(18,217)	577,101
Change in non-cash working capital		
Accounts receivable	(73,586)	112,256
Prepaid expenses	(98,854)	(11,627)
Accounts payable and accrued liabilities	201,726	(9,163)
Deferred revenue	113,122	(131,961)
Deposits - local libraries	(282)	(1,456)
	123,909	535,150
Increase in severance pay liability	116,425	27,578
	240,334	562,728
Cash flows from investing activities		
Additions to capital assets	(702,264)	(965,358)
Proceeds from disposal of capital assets	59,004	756
	(643,260)	(964,602)
Cash flows from financing activities		
Capital grant	382,270	616,000
Deferred capital grant	(20,000)	(20,000)
	362,270	596,000
Net increase (decrease) in cash	(40,656)	194,126
Cash, beginning of year	2,418,437	2,224,311
Cash, end of year	$ 2,377,781	$ 2,418,437

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
SCHEDULE OF OPERATING GRANTS TO LOCAL LIBRARIES
For the Year Ended 31 March

Eastern Division

	2009	**2008**
Arnold's Cove	**$ 1,978**	$ 1,038
Bay Roberts	**74,833**	75,202
Bell Island	**791**	926
Bonavista	**4,019**	4,299
Brigus	**6,211**	11,421
Burin	**696**	563
Carbonear	**30,202**	32,260
Catalina	**4,564**	768
Clarenville	**19,301**	18,748
Conception Bay South	**9,807**	7,321
Fortune	**376**	474
Fox Harbour	**1,497**	1,304
Garnish	**965**	851
Grand Bank	**7,641**	7,156
Harbour Grace	**9,355**	9,217
Holyrood	**6,522**	6,083
Marystown	**6,861**	5,911
Mount Pearl	**18,239**	9,188
Old Perlican	**2,459**	2,141
Placentia	**18,769**	16,420
Pouch Cove	**2,033**	2,477
St. Brides	**6,279**	6,266
St. Lawrence	**1,445**	493
Southern Harbour	**2,388**	2,294
Torbay	**1,323**	1,256
Trepassey	**7,028**	6,938
Victoria	**1,049**	1,032
Whitbourne	**3,325**	3,601
Winterton	**777**	510
	250,733	236,158

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
SCHEDULE OF OPERATING GRANTS TO LOCAL LIBRARIES (Cont.)

For the Year Ended 31 March	2009	2008
Central Division		
Baie Verte	**4,194**	4,727
Bishop's Falls	**6,986**	1,119
Botwood	**6,544**	6,774
Buchans	**1,018**	939
Carmanville	**1,358**	1,304
Centerville	**2,197**	1,095
Change Islands	**662**	945
Fogo	**1,145**	979
Gambo	**1,578**	720
Gander	**47,170**	21,085
Gaultois	**2,761**	2,587
Glenwood	**6,694**	1,351
Glovertown	**539**	613
Grand Falls-Windsor	**5,270**	4,381
Greenspond	**6,322**	4,009
Harbour Breton	**1,066**	1,020
Hare Bay	**1,454**	1,173
Harry's Harbour	**5,410**	4,407
Hermitage	**894**	1,287
King's Point	**5,512**	3,801
LaScie	**4,216**	4,344
Lewisporte	**4,265**	4,314
Lumsden	**2,139**	1,390
Musgrave Harbour	**955**	651
Norris Arm	**2,881**	1,528
Point Leamington	**1,954**	1,486
Robert's Arm	**3,661**	6,980
St. Albans	**1,294**	1,304
Seal Cove	**989**	1,038
Springdale	**1,050**	758
Summerford	**1,447**	1,435
Twillingate	**1,157**	673
Wesleyville	**1,150**	771
	135,932	90,988

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
SCHEDULE OF OPERATING GRANTS TO LOCAL LIBRARIES (Cont.)

For the Year Ended 31 March	2009	2008
Western Newfoundland - Labrador Division		
Bay St. George South	**1,102**	797
Burgeo	**460**	448
Cape St. George	**1,040**	482
Cartwright	**1,074**	776
Churchill Falls	**505**	701
Codroy Valley	**561**	468
Cormack	**1,414**	483
Corner Brook	**7,087**	5,592
Cow Head	**7,506**	5,466
Daniel's Harbour	**1,995**	1,753
Deer Lake	**18,965**	15,960
Happy Valley	**1,486**	512
Labrador City	**13,989**	11,653
L'Anse au Loup	**3,067**	1,009
Lark Harbour	**1,135**	820
Lourdes	**969**	622
Norris Point	**2,969**	2,401
Pasadena	**2,826**	675
Port au Port	**982**	705
Port aux Basques	**13,122**	12,039
Port Saunders	**5,692**	5,059
Ramea	**915**	861
Rocky Harbour	**508**	410
St. Anthony	**1,383**	1,411
St. George's	**1,479**	836
St. Lunaire-Griquet	**791**	453
Sops Arm	**854**	906
Stephenville	**30,070**	23,133
Stephenville Crossing	**1,406**	905
Wabush	**1,877**	1,733
Woody Point	**3,673**	4,138
	130,902	103,207
	$ 517,567	$ 430,353

Authority

The Provincial Information and Library Resources Board (the Board) operates under the authority of the *Public Libraries Act*. The purpose of the Board is to operate the public libraries in the Province. A majority of the members of the Board are appointed by the Lieutenant-Governor in Council. The Board reports to the Minister of Education.

1. Significant accounting policies

These financial statements have been prepared by the Board's management in accordance with Canadian generally accepted accounting principles. The budget disclosed in these financial statements is presented on a cash basis. Outlined below are the significant accounting policies followed.

(a) Reporting entity

The reporting entity for the purpose of these financial statements is the Board's head office and divisional offices. The Board's head office includes Administration, Technical Services and the Provincial Resource Library. These financial statements include expenditures for grants made to local libraries under the jurisdiction of the three divisional library boards detailed in the Schedule to the financial statements. Funds raised by local libraries in excess of the grants provided by the Board or any expenditures in excess of these grants are not reflected in these financial statements.

(b) Capital assets

All capital assets are capitalized at cost at the time of acquisition. Amortization is calculated using the straight line method based on the expected future life of all assets as follows:

Buildings	40 years
Building improvements	10 years
Furniture and equipment	10 years
Motor vehicles	5 years
Computer equipment	3 years
Software	5 years

(c) Severance pay

The calculation of severance pay is based on years of service and current salary levels. The entitlement to severance pay vests with employees after nine years of continuous service, and accordingly no provision has been made in the accounts for employees with less than nine years of continuous service. The amount is payable when the employee ceases employment with the Board. If the employee transfers to another entity included in the public service, then the liability is transferred with the employee to the other entity.

2. Accounts receivable

	2009	2008
Federal Government		
Harmonized Sales Tax	$ **42,385**	$ 35,689
Provincial Government	**30,000**	-
Other	**65,249**	28,359
	$ **137,634**	$ 64,048

3. Prepaid expenses

Prepaid expenses of $284,616 (2008 - $185,762) include inventory of supplies of $54,615 (2008 - $54,615) on hand at the Board's head office and the three divisional library board offices.

4. Long-term investments

Long-term investments consist of 1,678 shares of Sun Life Financial Services of Canada Inc. which were given to the Board as a result of the demutualization of Sun Life Assurance Company of Canada. The carrying value of the shares is recognized at the fair market value of $23,492, as determined by the share price at the time of the transfer of shares to the Board. The fair market value of these shares was $38,326 as at 31 March 2009 (2008 - $80,527).

5. Capital assets

	2009			2008
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Land	$ **285,907**	$ **-**	$ **285,907**	$ 285,907
Buildings	**1,758,867**	**1,093,711**	**665,156**	703,945
Building improvements	**894,291**	**216,616**	**677,675**	646,875
Furniture and equipment	**1,450,399**	**1,192,437**	**257,962**	184,687
Motor vehicles	**153,657**	**68,822**	**84,835**	6,105
Computer equipment	**1,579,400**	**1,234,495**	**344,905**	380,277
Software	**168,688**	**122,037**	**46,651**	102,277
	$ **6,291,209**	$ **3,928,118**	$ **2,363,091**	$ 2,310,073

6. Accounts payable and accrued liabilities

	2009	2008
Accounts payable	$ **188,537**	$ 145,426
Accrued salaries and benefits	**821,170**	662,555
	$ **1,009,707**	$ 807,981

7. Deferred revenue

Deferred revenue represents money received from funding agencies that has not been utilized, and is available for specified expenditures in future years:

	2009	2008
Provincial Government	$ **768,330**	$ 655,906
Other	**27,065**	26,367
	$ **795,395**	$ 682,273

8. Deposits - local libraries

Funds raised by some local libraries have been deposited with the Board to cover the cost of wages for additional opening hours and for the purchase of books, periodicals and computers. The balance on deposit at 31 March 2009 was $8,314 (2008 - $8,596).

9. Commitments

The Board has entered into lease agreements for the rental of photocopiers, microfiche readers, postal equipment and various rental properties throughout the Province. Future minimum lease payments for the next five years are as follows:

2010	$516,494
2011	$743,794
2012	$545,610
2013	$428,093
2014	$397,093

10. Budget

The 2009 budgeted expenditure exceeded the Province's current year provision for operating grants for the Board. The difference would be funded from cash surpluses carried forward from prior years.

11. Pensions

Under the *Public Libraries Act*, Board staff are subject to the *Public Service Pensions Act*. Employee contributions are matched by the Board and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Board's share of pension contributions for 2009 was $368,337 (2008 - $337,224).

12. Income taxes

The Board is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

13. Economic dependence

As a result of the Board's reliance on Provincial funding, the Board's ability to continue viable operations is dependent upon decisions of the Province.

14. Financial instruments

The Board's financial instruments recognized on the balance sheet, in addition to the long-term investments described in Note 4, consist of cash, accounts receivable, accounts payable and accrued liabilities, and deposits - local libraries. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity or current market rate associated with them. Accounts receivable is due primarily from the Government of Canada and Province of Newfoundland and Labrador and therefore there is no credit risk associated with this amount.

PUBLIC ACCOUNTANTS LICENSING BOARD

FINANCIAL STATEMENTS

31 DECEMBER 2008

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Chair and Members
Public Accountants Licensing Board
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Public Accountants Licensing Board as at 31 December 2008 and the statement of revenue, expenses and equity for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at 31 December 2008 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
27 March 2009

PUBLIC ACCOUNTANTS LICENSING BOARD

BALANCE SHEET

31 December	**2008**	**2007**
ASSETS		
Current		
Cash	$ 6,396	$ 233
Temporary investments	43,935	42,745
Sales tax receivable	1,061	1,569
Prepaid expense	493	492
	$ 51,885	$ 45,039
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	$ 920	$ 920
Deferred revenue	6,700	7,500
	7,620	8,420
Equity	44,265	36,619
	$ 51,885	$ 45,039

Signed on behalf of the Board:

Chair

Member

PUBLIC ACCOUNTANTS LICENSING BOARD
STATEMENT OF REVENUE, EXPENSES AND EQUITY

For the Year Ended 31 December	2008	2007
REVENUE		
Licences	**$ 22,800**	$ 23,600
Interest income	**1,189**	1,514
	23,989	25,114
EXPENSES		
Advertising	**610**	5,123
Board remuneration	**2,760**	3,125
Insurance	**880**	880
Interest and bank charges	**246**	227
Meeting expense	**1,774**	1,743
Office supplies and expenses	**1,619**	290
Professional fees	**2,065**	1,775
Scholarship (Note 3)	**-**	25,000
Secretarial services	**2,940**	3,290
Travel	**3,449**	4,341
	16,343	45,794
Excess of revenue over expenses (expenses over revenue)	**7,646**	(20,680)
Equity, beginning of year	**36,619**	57,299
Equity, end of year	**$ 44,265**	$ 36,619

Authority

The Public Accountants Licensing Board (the Board) was established under authority of the *Public Accountancy Act*. The powers of the Board include granting licences to practice as a public accountant under the *Act*, keeping a roll of persons licensed, and prescribing the educational standards and other qualifications of applicants for a licence.

1. Significant accounting policies

These financial statements have been prepared by the Board's management in accordance with Canadian generally accepted accounting principles. The Board does not prepare a statement of cash flows since there are no investing and financing activities and the changes in cash flows are readily apparent from the other statements.

2. Financial instruments

The Board's financial instruments recognized on the balance sheet consist of cash, temporary investments, sales tax receivable, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

3. Scholarship

During 2007 the Board entered into a Gift Agreement with Memorial University of Newfoundland to establish the *Public Accountants Licensing Board Scholarship*. The Board provided $25,000 to the University to establish an endowment fund to be managed by the University.

A scholarship valued at a portion of the income on the endowment is to be awarded from the fund annually, to an undergraduate student entering the final year of an academic program in the Faculty of Business Administration, who is in scholarship standing and demonstrates an interest in pursuing public accountancy as a profession. All scholarships will be awarded and administered in accordance with the University's student awards policies and practices.

4. Income taxes

The Public Accountants Licensing Board is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

Deloitte.

Financial Statements of

PUBLIC HEALTH LABORATORY

March 31, 2009

Deloitte.

Deloitte & Touche LLP
10 Factory Lane
Fort William Building
St. John's NL A1C 6H5
Canada

Tel: (709) 576-8480
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Auditors' Report

To the Management Committee of
Public Health Laboratory

We have audited the statement of financial position of the Public Health Laboratory as at March 31, 2009 and the statements of operations and deficit and cash flows for the year then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Public Health Laboratory as at March 31, 2009 and the results of its operations and its cash flows for year then ended in accordance with Canadian generally accepted accounting principles.

The comparative figures for the year ended March 31, 2008 were audited by another firm of chartered accountants who issued their report without reservation dated May 23, 2008.

Deloitte & Touche LLP

Chartered Accountants
July 7, 2009

PUBLIC HEALTH LABORATORY
Statement of Operations and Deficit
Year Ended March 31, 2009

	2009 $	2008 $
Revenue		
Government of Newfoundland and Labrador	**3,998,276**	3,740,027
Expenditures		
Wages and benefits	**1,742,049**	1,564,167
Laboratory supplies	**1,694,306**	1,464,384
Operating supplies	**210,926**	193,384
Professional fees	**199,650**	199,586
Minor equipment	**49,500**	40,853
Repairs and maintenance	**42,815**	31,713
Travel	**34,252**	19,155
Printing, stationery and office	**33,483**	52,460
Telephone	**11,252**	13,630
	4,018,233	3,579,332
Excess of (expenditures over revenue) revenue over expenditures before undernoted items	**(19,957)**	160,695
Amortization of capital assets	**(82,728)**	(41,390)
Amortization of deferred capital contributions	**71,586**	28,525
(Increase) decrease in severance pay accrual	**(51,646)**	2,786
Excess of (expenditures over revenue) revenue over expenditures	**(82,745)**	150,616
Deficit, beginning of year	**(873,823)**	(1,024,439)
Deficit, end of year	**(956,568)**	(873,823)

PUBLIC HEALTH LABORATORY
Statement of Financial Position
Year Ended March 31, 2009

	2009	2008
	$	$
Assets		
Current assets		
Cash	**500**	500
Accounts receivable	**145,424**	38,278
Due from Eastern Regional Health Authority	**-**	108,199
Prepaid expenses	**65,310**	-
	211,234	146,977
Capital assets (Note 4)	**324,898**	99,736
	536,132	246,713
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**83,640**	86,562
Due to Eastern Regional Health Authority	**204,683**	-
Deferred revenue	**75,000**	242,770
Current portion of accrued severance pay	**33,814**	65,520
Accrued vacation pay	**291,837**	241,614
	688,974	636,466
Accrued severance pay	**459,671**	376,319
Deferred capital contributions	**344,055**	107,751
	1,492,700	1,120,536
Deficit		
Deficit	**(956,568)**	(873,823)
	536,132	246,713

Approved by the Board

Trustee Faith [illegible] Trustee

PUBLIC HEALTH LABORATORY
Statement of Cash Flows
Year Ended March 31, 2009

	2009	2008
	$	$
Operating activities		
Excess of (expenditures over revenue) revenue over expendtiures	**(82,745)**	150,616
Adjustments for:		
Amortization of capital assets	**82,728**	41,390
Amortization of deferred capital contributions	**(71,586)**	(28,525)
Increase (decrease) in severance pay accrual	**51,646**	(2,786)
Change in non-cash operating working capital (Note 5)	**19,957**	(160,695)
	-	-
Financing activity		
Capital asset contributions	**307,890**	51,748
Investing activity		
Purchase of capital assets	**(307,890)**	(51,748)
Net increase in cash	**-**	-
Cash, beginning of year	**500**	500
Cash, end of year	**500**	500

1. NATURE OF OPERATIONS

The Public Health Laboratory (the "Laboratory") is a not-for-profit organization.

The purpose of the Public Health Laboratory is to act as the provincial reference laboratory centre for clinical and public health microbiology and infectious disease surveillance and control. The Laboratory offers specialized and reference laboratory services to all physicians, hospitals, clinics and health related agencies in the Province.

As a not-for-profit organization, the Laboratory is exempt from income taxes.

2. CHANGE IN ACCOUNTING POLICIES

Effective April 1, 2008 the Laboratory adopted the Canadian Institute of Chartered Accountants' ("CICA") new accounting standards related to "Capital Disclosures" (Section 1535) and "General Standards of Financial Statement Presentation" (Section 1400).

Capital Disclosures

CICA Section 1535 "Capital Disclosures" establishes standards for disclosure of information about the Laboratory's capital and capital management, including the Laboratory's objectives and processes of managing capital, quantitative data about what the Laboratory regards as capital, whether the Laboratory has complied with any externally imposed capital requirements, and if it has not complied, the consequences of such non-compliance. The adoption of this standard had no effect on the Laboratory's financial position, operations or cash flows and these disclosures have been included in Note 7.

General Standards of Financial Statement Presentation

CICA Section 1400 "General Standards of Financial Statement Presentation" provides additional guidance related to management's assessment of the Laboratory's ability to continue as a going concern. The Laboratory's current disclosures meet the reporting requirements of this section.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements include only the assets, liabilities, revenue and expenditures relating to the operations carried on under the name of the Public Health Laboratory.

Cash

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital assets

Capital assets are recorded at cost. Rates and bases of amortization applied to write off the cost of capital assets over their estimated lives are as follows:

Equipment	15%, straight line
Computer equipment	20%, straight line

Impairment of assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

Capital contributions

Capital contributions are recorded as deferred capital contributions and amortized to income on the same basis as the related capital assets are amortized. Capital contributions on non-depreciable capital assets are recorded as direct decreases in deficit.

Accrued severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is only recorded in the accounts for employees who have a vested right to receive such a payment. No provision for severance pay is recorded in the accounts for any employee who has less than nine years of service. Severance is payable when the employee ceases employment with the Laboratory.

Revenue recognition

Revenue is recognized as earned and when collection is reasonably assured. Revenue received for a future period is deferred until that future period and reflected as deferred revenue.

The Laboratory is dependent on funding from the Department of Health and Community Services.

Pension costs

Employees of the Laboratory are covered by the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador (the "Government"). Contributions to the plans are required from both the employees and the Laboratory. The annual contributions for pensions are recognized in the accounts on a current basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

The Laboratory's financial assets and liabilities are generally classified and measured as follows:

Asset/Liability	Classification	Measurement
Cash	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Due from Eastern Regional Health Authority	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Due to Eastern Regional Health Authority	Other liabilities	Amortized cost

Other balance sheet accounts do not meet the criteria to be considered financial instruments.

The Laboratory has determined that it does not have derivatives or embedded derivatives.

Use of estimates

In preparing the Laboratory's financial statements in conformity with Canadian generally accepted accounting principles management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenditures during the year. Actual results could differ from these estimates.

Future accounting standards

In December 2006, CICA issued new Section 3862, "Financial Instruments – Disclosures" and Section 3863, "Financial Instruments – Presentation", which established standards for the presentation and disclosure of financial instruments and non-financial derivatives.

Following a decision by CICA that permits the application of Section 3861, "Financial Instruments – Disclosure and Presentation", in place of Section 3862 and 3863, the Laboratory has decided to continue to apply Section 3861.

In September 2008, the CICA amended the introduction to accounting standards that apply only to not-for-profit organizations as outlined in the Section 4400 series of CICA Handbook (the "Handbook") as well as consequently changes to other sections of the Handbook.

These new standards are effective for the Laboratory on April 1, 2009. The Laboratory's management does not expect the application of these standards will have a material impact on its financial statements.

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value	Cost	Net Book Value
	$	$	$	$	$
Equipment	**1,898,506**	**1,573,608**	**324,898**	1,590,617	99,736
Computer equipment	**602,290**	**602,290**	**-**	602,290	-
	2,500,796	**2,175,898**	**324,898**	2,192,907	99,736

5. SUPPLEMENTAL CASH FLOW INFORMATION

	2009	2008
	$	$
Change in non-cash operating working capital		
Accounts receivable	**(107,146)**	5,411
Prepaid expenses	**(65,310)**	-
Due to Eastern Regional Health Authority	**312,882**	(319,455)
Accounts payable and accrued liabilities	**(2,922)**	38,925
Accrued vacation pay	**50,223**	(9,673)
Deferred revenue	**(167,770)**	124,097
	19,957	(160,695)

6. RELATED PARTY TRANSACTIONS

The Laboratory coordinates with the Eastern Regional Health Authority to provide a reference laboratory centre. Transactions between these related parties are measured at their exchange value.

7. CAPITAL MANAGEMENT

The capital structure of the Laboratory consists of deficit. The Laboratory's objective when managing capital is to ensure it maintains adequate capital to support its continued operations.

The Laboratory is not subject to externally imposed capital requirements.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk factors

The Laboratory has exposure to credit risk and liquidity risk. The Laboratory's Management Committee has overall responsibility for the oversight of these risks and reviews the Laboratory's policies on an ongoing basis to ensure that these risks are appropriately managed. The source of risk exposure and how each is managed is outlined below.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligation. The Laboratory's credit risk is primarily attributable to accounts receivable. Management believes that the credit risk with respect to accounts receivable is not significant.

Liquidity risk

Liquidity risk is the risk that the Laboratory will not be able to meet its financial obligations as they become due. As at March 31, 2009 the Laboratory had cash of $500.

Fair value

The fair value of the Laboratory's short-term financial instruments approximate the carrying value due to the short-term maturity and normal credit terms of those instruments.

REGISTRAR OF THE SUPREME COURT

FINANCIAL STATEMENTS

31 MARCH 2008

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Registrar of the Supreme Court
St. John's, Newfoundland and Labrador

I have audited the statement of fund balances of the Registrar of the Supreme Court as at 31 March 2008 and the statements of changes in fund balance for the Estate/Trust Fund, Supreme Court Fund and Administration Fund for the year then ended. These financial statements have been prepared to meet the information needs of the Registrar of the Supreme Court, the Chief Justice of the Trial Division of the Supreme Court of Newfoundland and Labrador, and the Government of Newfoundland and Labrador under Section 67 of the *Judicature Act*. The financial statements are the responsibility of the Registrar. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the balances of the Funds of the Registrar of the Supreme Court as at 31 March 2008 and the changes in fund balances for the year then ended in accordance with the basis of accounting described in Note 1 to the financial statements.

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information of the Registrar of the Supreme Court, the Chief Justice of the Trial Division of the Supreme Court of Newfoundland and Labrador, and the Government of Newfoundland and Labrador to meet their information needs under Section 67 of the *Judicature Act*. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
18 March 2009

STATEMENT 1

REGISTRAR OF THE SUPREME COURT
STATEMENT OF FUND BALANCES
31 March

	Estate/Trust Fund (Note 2)	Supreme Court Fund (Note 3)	Administration Fund (Note 4)	2008	2007
ASSETS					
Cash	$ 6,084,036	$ 5,953,170	$ 299,303	$ 12,336,509	$ 12,817,613
Investments (Note 5)	18,356,349	1,617,912	-	19,974,261	15,924,382
Irrevocable letter of credit and securities	-	565,511	-	565,511	165,511
Real estate and other assets (Note 1)	1	-	-	1	1
Total assets	$ 24,440,386	$ 8,136,593	$ 299,303	$ 32,876,282	$ 28,907,507
Total Fund balances	$ 24,440,386	$ 8,136,593	$ 299,303	$ 32,876,282	$ 28,907,507

Signed:
Registrar

STATEMENT 2

REGISTRAR OF THE SUPREME COURT
STATEMENT OF CHANGES IN FUND BALANCE
ESTATE/TRUST FUND

For the Year Ended 31 March	2008	2007
INCREASES		
Estate/trust assets received	$ 9,300,552	$ 4,868,449
Investment income	695,460	728,031
Pension, compensation and assistance	1,900,304	1,609,577
Revaluation of shares	512	3,951
Sale of chattels	12,125	44,346
Sale of real estate	1,413,174	1,387,515
	13,322,127	8,641,869
DECREASES		
Commissions charged and paid to Administration Fund	511,707	413,975
Estate/trust disbursements	5,218,728	2,922,090
Estates/trusts completed	4,030,074	3,842,107
Excess interest paid to Administration Fund	34,893	40,000
Harmonized sales tax paid to Administration Fund	72,385	60,883
Unclaimed estates paid to Administration Fund	1,289	3,147
	9,869,076	7,282,202
Net increase	3,453,051	1,359,667
Fund balance, beginning of year	20,987,335	19,627,668
Fund balance, end of year	$ 24,440,386	$ 20,987,335

STATEMENT 3

REGISTRAR OF THE SUPREME COURT
STATEMENT OF CHANGES IN FUND BALANCE
SUPREME COURT FUND

For the Year Ended 31 March	2008	2007
INCREASES		
Court actions (Payments into Court)	$ 2,698,668	$ 1,804,175
Divorce fees	7,750	7,511
Fees	1,230,816	2,263,922
Fines and bail	15,592	29,396
Investment income	339,367	308,268
Judgment recovery	-	200
Law Society fees	12,963	13,074
	4,305,156	4,426,546
DECREASES		
Commissions charged and paid to Administration Fund	9,765	5,537
Court actions (Payments out of Court)	2,459,448	3,193,678
Divorce fees	7,740	8,280
Excess interest paid to Administration Fund	24,158	15,000
Fees paid to Consolidated Revenue Fund	1,310,772	2,267,173
Fines and bail	2,635	10,269
Harmonized sales tax on Commissions paid to Administration Fund	35	-
Law Society fees	13,053	13,110
	3,827,606	5,513,047
Net increase (decrease)	477,550	(1,086,501)
Fund balance, beginning of year	7,659,043	8,745,544
Fund balance, end of year	$ 8,136,593	$ 7,659,043

REGISTRAR OF THE SUPREME COURT
STATEMENT OF CHANGES IN FUND BALANCE
ADMINISTRATION FUND

For the Year Ended 31 March	2008	2007
INCREASES		
Commissions received from other Funds	$ **521,472**	$ 419,512
Excess interest received from other Funds	**59,051**	55,000
Harmonized sales tax received from other Funds	**72,420**	60,883
Refunds to Special Reserve Fund	**-**	1,396
Unclaimed and undistributable amounts received from other Funds	**1,289**	3,147
	654,232	539,938
DECREASES		
Commissions paid to Consolidated Revenue Fund	**519,610**	416,032
Harmonized sales tax remitted to Federal Government	**71,158**	64,365
Office administration expenses paid from Special Reserve Fund	**1,905**	1,011
Professional fees	**22,096**	2,458
Unclaimed and undistributable amounts paid to Consolidated Revenue Fund	**1,289**	3,147
	616,058	487,013
Net increase	**38,174**	52,925
Fund balance, beginning of year	**261,129**	208,204
Fund balance, end of year	$ **299,303**	$ 261,129

Authority

The Registrar of the Supreme Court (the Registrar) operates under the authority of the *Judicature Act*.

The Registrar administers estates of deceased persons when appointed personal representative by the Supreme Court of Newfoundland and Labrador and administers trusts of minors and mentally disabled persons when appointed guardian by the Court or by virtue of Section 20 of the *Mentally Disabled Persons' Estates Act*. The Registrar also has custody of monies paid to the Court in pending actions, as well as monies paid to the Court or to the Registrar under various statutes.

1. Basis of accounting

These financial statements have been prepared by the Registrar in accordance with the significant accounting policies set out below to meet the information needs of the Registrar, the Chief Justice of the Trial Division of the Supreme Court of Newfoundland and Labrador, and the Government of Newfoundland and Labrador under Section 67 of the *Judicature Act*. The basis of accounting used in these financial statements materially differs from Canadian generally accepted accounting principles because all receipts and disbursements are being recognized on a cash basis and not all expenditures related to the operations of the Registrar are reflected in these statements.

Significant accounting policies

These financial statements are prepared on the cash basis of accounting. Outlined below are the significant accounting policies followed.

(a) Administrative expenditures

The Office of the Registrar, for administrative purposes, operates as a division of the Department of Justice. Therefore, expenditures related to salaries, accommodations and administration are absorbed by the Department of Justice and no provision has been made in these financial statements for the cost of these items. However, office administration expenditures paid from the Registrar's Special Reserve Fund under Section 72(2) of the *Judicature Act* are recorded in these financial statements in the amount of $1,905 for the 2007-08 year (2006-07 - $1,011).

(b) Investments

Investments consist of Bank and Trust Company Guaranteed Investment Certificates, Canada Savings Bonds, mortgages, life insurance, pre-arranged funerals, Registered Retirement Savings Plans/Income Funds, Registered Education Savings Plans and shares owned by estates at the dates of appointment of the Registrar. Such investments are recorded at face or market value, except for mortgages which are recorded at face value net of principal payments received.

1. Basis of accounting (cont.)

Significant accounting policies (cont.)

(c) Real estate and other assets

Real estate and other assets are recorded in these financial statements at an aggregate nominal value of $1 as valuation of these assets is not readily determinable. These assets are recorded in the client accounts at estimated market value for administrative purposes.

(d) Capital assets

Capital assets are charged to expenditure in the year of acquisition.

2. Estate/Trust Fund

The Registrar, in certain cases, is appointed by the Court as personal representative of the estates of deceased persons or as guardian of the trusts of minors and mentally disabled persons. The trust accounts of the Registrar include monies and other assets held on behalf of such estates/trusts.

3. Supreme Court Fund

The Supreme Court Fund consists mainly of monies received by the Registrar under, inter alia, the following Acts, and Rules and Regulations thereunder:

(a) *Automobile Insurance Act*
(b) *Direct Sellers Act*
(c) *Elections Act, 1991*
(d) *Expropriation Act*
(e) *Judicature Act*
(f) *Leaseholds in St. John's Act*
(g) *Life Insurance Act*
(h) *Municipalities Act*
(i) *Public Utilities Acquisition of Lands Act*
(j) *Real Estate Trading Act*
(k) *Residential Tenancies Act (2000)*
(l) *Unified Family Court Act*

4. Administration Fund

The Administration Fund was established to record monies collected pursuant to the Rules of the Supreme Court of Newfoundland and Labrador. It is comprised primarily of a Special Reserve Fund consisting of interest earned in the Estate/Trust Fund and Supreme Court Fund in excess of that allocated to clients in accordance with Section 72(1) of the *Judicature Act*. Other monies flowing through the Administration Fund include commissions and unclaimed and undistributable assets to be paid over to the Consolidated Revenue Fund, and Harmonized Sales Tax collected on commissions to be paid over to the Federal Government.

5. Investments

	2008	2007
Total investments held for all Funds is comprised of the following:		
Guaranteed Investment Certificates and Canada Savings Bonds	**$ 15,301,487**	$ 13,360,632
Mortgages	**127,567**	128,860
Life Insurance - cash surrender value	**81,862**	8,786
Pre-arranged funerals	**256,462**	244,942
Registered Retirement Savings Plans/Income Funds and Registered Education Savings Plans	**4,026,113**	2,170,108
Shares	**180,770**	11,054
	$ 19,974,261	$ 15,924,382

6. Related party transactions

Commissions earned and service fees are paid into the Province's Consolidated Revenue Fund.

7. Subsequent event

Subsequent to year end, Government indicated that it plans to introduce legislation in the House of Assembly which may have a significant impact on the future operations of the Registrar's office. The proposed legislation is expected to provide that responsibility for monies held in trust, relating to estates currently administered by the Registrar under legislation including the *Judicature Act* and the *Mentally Disabled Persons' Estates Act*, will be transferred to a public trustee reporting to the Minister of Justice.

8. Income taxes

The Registrar of the Supreme Court of Newfoundland and Labrador is an entity of the Crown and as such is not subject to Provincial or Federal income taxes.

SPECIAL CELEBRATIONS CORPORATION OF NEWFOUNDLAND AND LABRADOR, INC.

FINANCIAL STATEMENTS

31 OCTOBER 2008

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Directors
Special Celebrations Corporation
of Newfoundland and Labrador, Inc.
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Special Celebrations Corporation of Newfoundland and Labrador, Inc. as at 31 October 2008 and the statements of revenues, expenses and surplus, and cash flows for the period 1 April 2008 to 31 October 2008. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 October 2008 and the results of its operations and its cash flows for the period 1 April 2008 to 31 October 2008 in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
16 April 2009

SPECIAL CELEBRATIONS CORPORATION OF NEWFOUNDLAND AND LABRADOR, INC.

BALANCE SHEET

	31 October 2008	31 March 2008
ASSETS		
Current		
Cash	$ -	$ 690
Accounts receivable	-	617
	$ -	$ 1,307
SHAREHOLDER'S EQUITY		
Share capital		
Authorized and issued 500 common shares of no par value	$ -	$ 1
Surplus	-	1,306
	$ -	$ 1,307

Signed on behalf of the Board:

Cathy Duke
Chairperson

Member

SPECIAL CELEBRATIONS CORPORATION OF NEWFOUNDLAND AND LABRADOR, INC.

STATEMENT OF REVENUES, EXPENSES AND SURPLUS

For the Period 1 April 2008 to 31 October 2008

(Comparatives for the Year Ended 31 March 2008)	**31 October 2008**	**31 March 2008**
REVENUES		
Bank interest	$ 11	$ 67
EXPENSES		
Administration	300	38
Excess of revenues over expenses (expenses over revenues)	(289)	29
Surplus, beginning of year	1,306	1,277
	1,017	1,277
Transfer to Province (Note 2)	(1,017)	-
Surplus, end of year	$ -	$ 1,306

SPECIAL CELEBRATIONS CORPORATION OF NEWFOUNDLAND AND LABRADOR, INC.

STATEMENT OF CASH FLOWS

For the Period 1 April 2008 to 31 October 2008
(Comparatives for the Year Ended 31 March 2008)

	31 October 2008	31 March 2008
Cash flows from operating activities		
Excess of revenues over expenses (expenses over revenues)	$ (289)	$ 29
Changes in non-cash working capital	617	(1,509)
	328	(1,480)
Cash flows from financing activities		
Transfer to Province (Note 2)	(1,017)	-
Re-purchase of share capital to dissolve the Corporation	(1)	-
	(1,018)	-
Net decrease in cash	(690)	(1,480)
Cash, beginning of year	690	2,170
Cash, end of year	$ -	$ 690

SPECIAL CELEBRATIONS CORPORATION OF NEWFOUNDLAND AND LABRADOR, INC.
NOTES TO FINANCIAL STATEMENTS
31 October 2008

Authority

The Special Celebrations Corporation of Newfoundland and Labrador, Inc. (the Corporation) was incorporated under the *Corporations Act* on 27 August 1998. All shares of the Corporation are held by the Minister of Tourism, Culture and Recreation on behalf of the Province. The purpose of the Corporation is to plan, organize, manage and supervise tourism special events for the Government of Newfoundland and Labrador. Its affairs are governed by a Board of Directors appointed by the Minister of Tourism, Culture and Recreation. In accordance with MC 2005-0317, the Corporation ceased operations on 31 October 2008.

1. Significant accounting policies

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles.

2. Corporation status

During 2005-06 Government authorized the Corporation to fund festivals, community celebrations and promotional events with its residual funds. Approval was also given to authorize the Minister of Tourism, Culture and Recreation to formally dissolve the Corporation once the remaining balance is exhausted. In October 2008, the Minister authorized the Corporation to transfer all residual assets to Government and dissolve the Corporation. These actions were completed and the Corporation ceased operations on 31 October 2008.

STUDENT LOAN CORPORATION OF NEWFOUNDLAND AND LABRADOR

FINANCIAL STATEMENTS

31 MARCH 2009

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Directors
Student Loan Corporation of Newfoundland and Labrador
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Student Loan Corporation of Newfoundland and Labrador as at 31 March 2009 and the statements of revenues, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
18 June 2009

STUDENT LOAN CORPORATION OF NEWFOUNDLAND AND LABRADOR

BALANCE SHEET

31 March	2009	2008
ASSETS		
Cash	$ 12,817,794	$ 9,128,985
Short-term investments, at cost (Note 2)	10,144,027	13,918,952
Interest receivable on investments	139,623	159,295
Accounts receivable	427,245	333,495
Prepaid expense	3,112	5,710
Student loans receivable (Note 3)	163,845,279	182,265,622
	187,377,080	205,812,059
Capital assets (Note 4)	145,623	131,892
	$ 187,522,703	$ 205,943,951
LIABILITIES AND SURPLUS		
Accounts payable and accrued liabilities	$ 411,520	$ 271,415
Accrued vacation pay	89,391	82,421
Current portion - long-term debt (Note 5)	14,000,000	14,000,000
Current portion - obligation under capital lease (Note 6)	4,348	4,348
	14,505,259	14,358,184
Long-term debt (Note 5)	156,000,000	170,000,000
Accrued severance pay	65,464	32,691
Obligation under capital lease (Note 6)	2,898	7,246
	170,573,621	184,398,121
Surplus	16,949,082	21,545,830
	$ 187,522,703	$ 205,943,951

Signed on behalf of the Board:

Chairperson

Director

STUDENT LOAN CORPORATION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF REVENUES, EXPENSES AND SURPLUS

For the year ended 31 March	2009	2008
REVENUES		
Provincial grant revenue	$ 13,259,196	$ 33,155,813
Federal grant revenue	4,350,637	4,427,720
Student loan interest	7,518,169	12,577,952
Recovery in value of student loan receivable	423,060	-
Interest revenue	766,051	1,008,596
Other revenue	18,782	19,842
	26,335,895	51,189,923
EXPENSES		
Administrative fees	928,022	1,453,389
Amortization	30,268	12,454
Bad debt expense	-	1,473,195
Bank charges	17,507	20,619
Grant expense – Federal	4,350,637	4,427,720
Grant expense – Provincial	17,718,954	15,888,545
Interest expense on long-term debt	5,410,913	8,880,010
Interest relief expense	1,024,657	1,943,077
Miscellaneous expenses	-	307
Operating expenses	102,751	101,048
Salaries	1,348,934	1,016,464
	30,932,643	35,216,828
Excess of revenues over expenses (expenses over revenues)	(4,596,748)	15,973,095
Surplus, beginning of year	21,545,830	5,572,735
Surplus, end of year	$ 16,949,082	$ 21,545,830

STUDENT LOAN CORPORATION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF CASH FLOWS

For the year ended 31 March	2009	2008
Cash flows from operating activities		
Excess of revenues over expenses (expenses over revenues)	**$ (4,596,748)**	$ 15,973,095
Add non-cash items		
Amortization	**30,268**	12,454
Bad debt expense (Recovery in value of student loan receivable)	**(423,060)**	1,473,195
	(4,989,540)	17,458,744
Changes in non-cash operating items		
Interest receivable on investments	**19,672**	(123,720)
Accounts receivable	**(93,750)**	1,055
Prepaid expense	**2,598**	(3,614)
Student loans receivable (Note 3)	**19,197,337**	8,815,383
Student loans written off to allowance	**(353,934)**	(30,429)
Accounts payable and accrued liabilities	**140,105**	23,527
Accrued vacation pay	**6,970**	32,118
Interest payable on long-term debt	**-**	(2,133,290)
	13,929,458	24,039,774
Accrued severance pay	**32,773**	3,751
	13,962,231	24,043,525
Cash flows from investing activities		
Purchase of capital assets	**(43,999)**	(87,589)
Cash flows from financing activities		
Repayment of long-term debt	**(14,000,000)**	(14,000,000)
Repayment of capital lease obligation	**(4,348)**	(4,348)
	(14,004,348)	(14,004,348)
Increase (Decrease) in cash and cash equivalents	**(86,116)**	9,951,588
Cash and cash equivalents, beginning of year	**23,047,937**	13,096,349
Cash and cash equivalents, end of year	**$ 22,961,821**	$ 23,047,937
Cash and cash equivalents include:		
Cash	**$ 12,817,794**	$ 9,128,985
Short-term investments	**10,144,027**	13,918,952
	$ 22,961,821	$ 23,047,937

Authority

The Student Loan Corporation of Newfoundland and Labrador was established on 30 March 2004 under the authority of the *Student Financial Assistance Act*. The objective of the Corporation is to act as the lender for all Provincial student loans. The affairs of the Corporation are managed by a Board of Directors comprised of senior government officials.

1. Significant accounting policies

These financial statements have been prepared by the Board's management in accordance with Canadian generally accepted accounting principles. Outlined below are the significant accounting policies followed:

(a) Capital assets

All capital assets are recorded at cost at the time of acquisition. Amortization is calculated using the straight-line method based on the expected future life of all assets as follows:

Office equipment	10 years
Computer software	7 years
Computer hardware	4 years
Capital photocopier lease	5 years

(b) Severance pay

The calculation of severance pay is based on years of service and current salary levels. The entitlement to severance pay vests with employees after nine years of continuous service, and accordingly no provision has been made in the accounts for employees with less than nine years of continuous service. The amount is payable when the employee ceases employment with the Corporation. If the employee transfers to another entity included in the public service, then the liability is transferred with the employee to the other entity.

2. Short-term investments

Short-term investments are valued at cost of $10,144,027 (2008 - $13,918,952) which approximates market value. As of 31 March 2009, the Corporation had three investments. These investments have maturity dates of 4 September 2009, 9 September 2009 and 11 September 2009 and interest rates of 2.45%, 2.58% and 3.69% respectively.

3. Student loans receivable

The student loan portfolio consists of Provincial loans issued on or after 1 August 2000 and Provincial loans issued prior to 1 August where the student was still in school and did not receive additional loans.

As at 31 March 2009 approximately 20,477 loans totalling $110,515,241 (2008 - 20,366 loans totalling $121,389,688) were being repaid at an average interest rate of prime (Class B loans) while 9,444 loans totalling $47,621,883 (2008 - 10,356 loans totalling $60,516,585) were not being repaid as the student was either still in attendance at an approved education institution or was within 6 months after the end of the study period (Class A loans).

As at 31 March 2009 approximately 8,010 loans totalling $50,186,870 (2008 – 7,414 loans totalling $45,484,607) were defaulted. These loans are defined as Class B loans delinquent for 270 days (nine months). The interest rate on these loans is prime.

Student loans receivable consist of the following:

	2009	2008
Loans receivable		
Class B principal	**$ 110,515,241**	$ 121,389,688
Class A principal	**47,621,883**	60,516,585
Loans defaulted	**50,186,870**	45,484,607
Interest receivable	**7,807,291**	7,937,742
	216,131,285	235,328,622
Less: allowance for doubtful accounts	**(52,286,006)**	(53,063,000)
	$ 163,845,279	$ 182,265,622

The allowance for doubtful accounts represents the Corporation's best estimate of future probable losses with respect to loans receivable. The estimation of an appropriate allowance involves significant judgment. These financial statements represent management's best estimates based on available information.

The net decrease in student loans receivable during the year consists of the following:

	2009	2008
Student loan interest	**$ 7,518,169**	$ 12,577,952
Interest relief	**(1,024,657)**	(1,943,077)
Student loan grants	**(11,863,476)**	(10,658,439)
Student loans disbursed	**15,287,427**	18,206,038
Student loan payments	**(28,760,866)**	(26,967,428)
Student loan written off	**(353,934)**	(30,429)
	$ (19,197,337)	$ (8,815,383)

4. Capital assets

	2009			2008
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Office equipment	**$ 17,453**	**$ 1,110**	**$ 16,343**	$ 4,087
Computer software	**145,359**	**39,832**	**105,527**	96,126
Computer hardware	**24,584**	**8,439**	**16,145**	19,723
Capital photocopier lease	**21,739**	**14,131**	**7,608**	11,956
	$ 209,135	**$ 63,512**	**$ 145,623**	$ 131,892

5. Long-term debt

	2009	2008
Issue of floating rate notes dated 2 October 2006 maturing 30 September 2011 and bearing interest at the 3-month Canadian Bankers' Acceptance rate less 2 basis points, payable quarterly.	**$ 170,000,000**	$ 184,000,000
Less: current portion	**14,000,000**	14,000,000
	$ 156,000,000	$ 170,000,000

On 2 October 2006, the Corporation repaid $206 million principal amount of floating rate notes by using available cash of $8 million to reduce the principal balance to $198 million, then arranging a new long-term borrowing to refinance this amount for a term of five years. A principal payment of $14 million will be made on 30 September in each of the years to 2010, inclusive, with the balance of the debt maturing 30 September 2011. Interest is payable quarterly on 31 March, 30 June, 30 September, and 31 December each year.

Principal repayments on long-term debt for the next three years are as follows:

Year Ended 31 March	
2010	$ 14,000,000
2011	$ 14,000,000
2012	$ 142,000,000

6. Obligation under capital lease

The following is a schedule of future minimum lease payments under the capital lease expiring in December 2010.

Year Ended 31 March	2009	2008
2009	$ -	$ 4,348
2010	**4,348**	4,348
2011	**2,898**	2,898
	7,246	11,594
Less: current portion	**4,348**	4,348
	$ 2,898	$ 7,246

7. Related party transactions

The Province unconditionally guarantees the principal and interest outstanding on long-term debt of $170,000,000.

8. Economic dependence

As a result of its reliance on the Government of Newfoundland and Labrador to address the future funding requirements of the student loans program, the Corporation's ability to continue is dependent upon the decisions of Government.

9. Financial instruments

The Corporation's short-term financial instruments recognized on the balance sheet consist of cash, short-term investments, interest receivable on investments, accounts receivable, accounts payable and accrued liabilities, accrued vacation pay and current portion of long-term debt. The carrying values of these instruments approximate current fair value due to their nature and short-term maturity associated with them.

The Corporation's long-term financial instruments recognized on the balance sheet consist of student loans receivable, long-term debt and accrued severance pay. The student loans receivable are reported at cost with provision being made for any decline in their value. Therefore, no further credit risk exists relating to these loans. The Corporation's long-term debt is at a floating rate determined by the 3-month Canadian Bankers' Acceptance rate less 2 basis points, maturing in September 2011. This may subject the Corporation to interest rate risk caused by changes in the interest rate. The carrying values of these long-term financial instruments approximate their current fair value.

10. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

11. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR

FINANCIAL STATEMENTS

31 MARCH 2009

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Chairperson and Members
The Rooms Corporation of
Newfoundland and Labrador
St. John's, Newfoundland and Labrador

I have audited the balance sheet of The Rooms Corporation of Newfoundland and Labrador as at 31 March 2009 and the statements of revenues, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
18 June 2009

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR

BALANCE SHEET

31 March	2009	2008
ASSETS		
Current		
Cash and short-term investments	$ **922,481**	$ 974,104
Accounts receivable (Note 2)	**424,367**	427,020
Inventory	**61,509**	65,689
	1,408,357	1,466,813
Restricted cash (Note 3)	**1,719,314**	872,989
Capital assets (Note 4 and Note 5)	**648,971**	649,466
	$ 3,776,642	$ 2,989,268
LIABILITIES AND SURPLUS		
Current		
Accounts payable and accrued liabilities	$ **551,764**	$ 565,527
Accrued payroll	**144,077**	108,094
Accrued overtime and leave	**239,824**	235,229
Deferred capital contribution	**1,299,214**	425,213
Deferred revenue (Note 6)	**420,100**	422,776
	2,654,979	1,756,839
Severance pay liability	**422,810**	383,742
	3,077,789	2,140,581
Surplus	**698,853**	848,687
	$ 3,776,642	$ 2,989,268

Commitments (Note 9)

Signed on behalf of the Board of Directors: ______ **Chairperson** ______ **Member**

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF REVENUES, EXPENSES AND SURPLUS

For the Year Ended 31 March	2009	2008
REVENUES		
Province of Newfoundland and Labrador	**$ 7,295,600**	$ 7,148,415
Admissions revenue	**365,630**	330,344
Colonial Building Political History Interpretation Project (Note 8)	**246,168**	-
External funding	**198,294**	48,573
Gift shop sales	**188,836**	219,335
Federal Government	**170,329**	247,654
Donations	**105,911**	113,756
Interest revenue	**45,319**	91,316
	8,616,087	8,199,393
EXPENSES		
Advertising	**255,350**	373,514
Amortization expense	**150,177**	119,563
Appraisals and acquisitions	**180,071**	141,051
Building expenses	**1,965,391**	1,797,471
Colonial Building Political History Interpretation Project (Note 8)	**234,104**	-
Conference and registration fees	**14,422**	16,658
Core programming	**587,213**	439,128
Cost of gift shop sales	**101,495**	121,094
Meeting expenses	**22,596**	75,104
Office equipment and supplies	**95,646**	111,849
Professional services	**614,837**	525,150
Salaries and benefits	**4,264,796**	4,506,874
Telecommunications and courier	**93,038**	85,506
Travel	**186,785**	175,792
	8,765,921	8,488,754
Excess of expenses over revenues	**(149,834)**	(289,361)
Surplus, beginning of year	**848,687**	1,138,048
Surplus, end of year	**$ 698,853**	$ 848,687

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR

STATEMENT OF CASH FLOWS

For the Year Ended 31 March	2009	2008
Cash flows from operating activities		
Excess of expenses over revenues	**$ (149,834)**	$ (289,361)
Add non-cash items:		
Amortization expense	**150,177**	119,563
	343	(169,798)
Net change in non-cash working capital items	**904,973**	(187,056)
Increase in severance pay liability	**39,068**	383,742
	944,384	26,888
Cash flows from investing activities		
Purchase of capital assets	**(149,682)**	(321,423)
Net change in restricted cash	**(846,325)**	63,158
	(996,007)	(258,265)
Decrease in cash	**(51,623)**	(231,377)
Cash and short-term investments, beginning of year	**974,104**	1,205,481
Cash and short-term investments, end of year	**$ 922,481**	$ 974,104

Authority

The Rooms Corporation of Newfoundland and Labrador (the Corporation) was established as a corporation under the *Rooms Act* on 19 May 2005. In accordance with the *Rooms Act*, the Corporation assumed title to and has been vested with all of the rights, liabilities, assets and property of The Rooms Corporation of Newfoundland and Labrador Inc. established as a corporation under the *Corporations Act* on 18 November 2002. The Corporation was established to: collect, preserve, present and make available for research historic artifacts, natural history specimens and archival records that represent and illustrate the significant history, culture and natural heritage of the Province; conduct research with respect to the history, natural history, culture and heritage of the Province; collect and present provincial, national and international contemporary and historic art; advance and promote the works of contemporary visual artists of the Province; support the development of cultural industries in the Province; strengthen the culture of the Province; and provide and enhance client services and partnerships to promote the cultural collections of the Province and to show other national and international collections. The Corporation is an agent of the Crown. The affairs of the Corporation are governed by a Board of Directors appointed by the Lieutenant-Governor in Council.

1. Significant accounting policies

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

(b) Collections

The collections of art work, archival documents and historical and cultural artifacts form the largest part of the assets of the Corporation. These collections are not presented in the balance sheet due to the practical difficulties of determining a meaningful value for these assets. Objects purchased for one of the Corporation's collections are recorded as an expense in the year of acquisition. Objects donated to the Corporation are recorded with a zero value.

(c) Capital assets

Capital assets to which the Corporation has title are recorded at cost at the time of acquisition. Amortization is calculated on a straight line basis as follows:

Furniture and equipment - 7 years
Computer equipment and software - 3 years
Vehicles - 5 years
Building improvements - 7 years

Work in progress is considered to be a capital asset, however it is not amortized as it is not yet available for use. Upon completion, these assets will be recorded in the appropriate category.

1. Significant accounting policies (cont.)

(d) Deferred revenue

The Corporation follows the deferred method with respect to externally restricted revenue.

(e) Deferred capital contribution

Contributions related to capital assets are deferred and amortized to revenue at the same rates which the related capital assets are amortized.

(f) Severance pay

Severance pay vests with employees after nine years of uninterrupted service and accordingly no provision has been made in these financial statements for employees who have less than nine years of uninterrupted service with the Province. Severance pay, at the rate of one week's pay for each year of service up to a maximum of twenty weeks pay, is payable when the employee ceases employment with the Province.

2. Accounts receivable

	2009	2008
Province of Newfoundland and Labrador	$ **32,190**	$ 192,000
Colonial Building Political History Interpretation Project		
Province of Newfoundland and Labrador	**172,246**	-
Government of Canada	**73,922**	-
Harmonized sales tax	**119,786**	135,144
Government of Canada	-	50,000
Other	**26,223**	49,876
	$ **424,367**	$ 427,020

3. Restricted cash

The following funds, which have external conditions on their use, have been received and deposited with the Corporation's general funds and are reported in these financial statements as restricted cash.

	2009	2008
Department of Tourism, Culture and Recreation - Regional Museums Improvement	**$ 1,299,214**	$ 430,154
Department of Education - Virtual Exhibits	**137,875**	80,000
Private Donor - Site Development	**100,000**	100,000
Private Donor - Social History Exhibit	**100,000**	100,000
Irish Newfoundland Partnership	**65,000**	-
Corporate Donor - Education and Outreach Program	-	56,931
Canada Council - Mary March Museum	-	53,700
Permanent Collections Donations	**15,625**	-
Private Donor - Endowment Fund	-	25,000
International Grenfell Association	-	12,593
Government of Newfoundland and Labrador - Provincial Art Procurement	-	7,502
Irish Legacy Project	-	5,509
Private Donor – B-17 Bomber Exhibit	**1,600**	1,600
	$ 1,719,314	**$ 872,989**

4. Capital assets

	2009			2008
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Furniture and equipment	**$ 606,646**	**$ 193,624**	**$ 413,022**	$ 461,036
Computer equipment and software	**256,440**	**196,857**	**59,583**	59,165
Vehicles	**82,473**	**41,236**	**41,237**	57,731
Building improvements	**77,037**	**16,508**	**60,529**	71,534
Capital assets transferred to the Corporation (Note 5)	**1**	**1**	-	-
Work in progress	**74,600**	-	**74,600**	-
	$ 1,097,197	**$ 448,226**	**$ 648,971**	$ 649,466

These financial statements do not include the value of "The Rooms" building out of which the Provincial Archives, Art Gallery and Museum Divisions of the Corporation operate. Ownership of the building, which cost $49.3 million to construct, is held by the Minister of Transportation and Works on behalf of the Province.

5. Capital assets transferred to the Corporation

During 2003-04, The Rooms Corporation of Newfoundland and Labrador Inc. assumed title to the capital assets of the Provincial Archives, the Provincial Museum and the Art Gallery of Newfoundland and Labrador. These assets have now been transferred to the Corporation. The costs and accumulated amortization of these assets are unknown and a reasonable estimate of the amounts involved could not be determined. Therefore, the cost has been recorded as $1 and the accumulated amortization has been recorded at $1.

6. Deferred revenue

The following funds have been received by the Corporation. Since the conditions relating to their use have not been met, recognition of the revenues has been deferred and the funds are recorded as restricted.

	2009	2008
Deferred revenue - Provincial	**$ 202,875**	$ 92,443
Deferred revenue - Other	**217,225**	276,633
Deferred revenue - Federal	**-**	53,700
	$ 420,100	$ 422,776

7. Related party transactions

(a) Province of Newfoundland and Labrador

The Corporation is a Crown Corporation of the Province of Newfoundand and Labrador reporting through the Minister of the Department of Tourism, Culture and Recreation. Expenses incurred by the Province, related to salaries and benefits totalling $3,986,608 (2008 - $3,634,009), are reflected in these financial statements as expenses of the Corporation and as revenue from the Province.

(b) Memorial University of Newfoundland (MUN)

Certain employees who transferred to the Corporation from Memorial University of Newfoundland continue to have their payroll administered by MUN. MUN invoices the Corporation for actual costs incurred. Expenses related to salaries and benefits totalling $198,542 (2008 - $228,312) were invoiced by MUN during the year.

(c) The Rooms Foundation of Newfoundland and Labrador

The Rooms Foundation of Newfoundland and Labrador was incorporated on 11 March 2009 under the *Corporations Act*. It was incorporated in accordance with Section 8(7) of the *Rooms Act*. There were no transactions or other activity between 11 March 2009 and 31 March 2009.

8. Colonial Building Political History Interpretation Project

Under a Memorandum of Understanding between the Province and the Corporation signed on 31 March 2009, the Corporation will administer a Project to renovate the Colonial Building into a heritage interpretation centre/museum. The Project commenced in the 2008-09 fiscal year and is scheduled to be completed by 31 March 2010. As Project sponsor, the Corporation is responsible for administration of the Project. As title to and use of the Colonial Building remains with the Province, the Corporation does not capitalize the renovations to the Building. Rather the Corporation records expenses related to the Project as incurred and revenues in the amount equal to the expenses incurred plus an administration fee. Under the Memorandum of Understanding the total amount of funding to be provided by the Province in relation to this Project is budgeted to be $3,425,000.

In addition, on 1 December 2008, an Agreement respecting a Project called "Colonial Building Political History Interpretation" was signed between the Corporation and the Federal Government. The Agreement provided additional funding for the renovation of the Colonial Building in the maximum amount of $748,335. During the year, expenses of $234,104 were incurred related to the Project. The Corporation also recognized revenues of $246,168 (Provincial - $172,246; Federal - $73,922) related to the Project.

9. Commitments

(a) Facility Management Contract

The Corporation has entered into a facility management contract representing commitments of $124,062 for work that will be performed by 31 March 2010.

(b) Office rental

The Corporation has entered into an agreement requiring lease payments for office rental for the next year totalling $7,088.

10. Accounting policy change

The payroll processing for the majority of the Corporation's staff is administered by the Province of Newfoundland and Labrador. Prior to the current year, expenses related to the employer share of employee benefits were paid directly by the Province with no provision being made in the financial statements for these expenses. During the year, the Corporation changed its accounting policy for recognizing the employer share of employee benefits whereby the employer share of employee benefits is recorded as Salaries and benefits expense with an equal amount being recorded as revenue from the Province. For the current year, an additional $492,677 was recognized in both Salaries and benefits expense and Province of Newfoundland and Labrador revenue as a result of this accounting policy change.

10. Accounting policy change (cont.)

The Corporation has accounted for these changes retrospectively, with comparative information presented being restated. As a result, the Corporation's previously reported revenues for the year ended 31 March 2008 increased by $462,071 and previously reported expenses increased by $462,071. There was no change in the previously reported accumulated deficit or in recorded equity.

11. Pensions

Under the *Rooms Act*, the Corporation's staff are subject to the *Public Service Pensions Act*. The Province of Newfoundland and Labrador administers the payroll processing for the majority of the Corporation's staff. Employee contributions are matched by the Province, on behalf of the Corporation, and are remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Corporation's share of pension contributions for 2009 was $236,379 (2008 - $207,740). This is included as Salaries and benefits and is also included in the revenue that the Corporation receives from the Province.

Certain employees who transferred to the Corporation from Memorial University of Newfoundland (MUN) continue to have their payroll administered by MUN, including pension benefits. MUN invoices the Corporation for the employer share of pension contributions which are then remitted to the Memorial University of Newfoundland Pension Fund from which pensions will be paid to employees when they retire. The Corporation's share of pension contributions related to these employees for 2009 was $12,428 (2008 - $14,760).

12. Financial instruments

The Corporation's financial instruments recognized on the balance sheet consist of cash and short-term investments, accounts receivable, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

There is no credit risk associated with the Corporation's accounts receivable because the accounts are primarily due from the Federal and Provincial governments. Therefore, no allowance has been provided against these receivables.

13. Economic dependence

As a result of its reliance on future transfers from the Province of Newfoundland and Labrador to ultimately finance its costs of operations, the Corporation's ability to continue operations is dependent upon the decisions of Government.

14. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

15. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

Trinity-Conception-Placentia Health Foundation Inc.

Financial Statements

March 31, 2007

Grant Thornton

Grant Thornton

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Board of Directors of the
Trinity-Conception-Placentia Health Foundation Inc.

We have audited the statement of financial position of the **Trinity-Conception-Placentia Health Foundation Inc.** at January 31, 2007 and March 31, 2007 and the statements of operations, changes in net assets and cash flows for the periods then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Foundation derives certain of its revenue from the general public in the form of donations and other fund raising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amount recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditure, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenues referred to in the previous paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at January 31, 2007 and March 31, 2007 and the results of its operations and its cash flows for the periods then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland
May 4, 2007

Grant Thornton LLP
Chartered Accountants

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Trinity-Conception-Placentia Health Foundation Inc.
Statements of Operations and Changes in Net Assets

Periods Ended	(2 months) March 31 2007	(12 months) January 31 2007	(12 months) January 31 2006
Revenue			
Donations	$ 13,235	$ 297,238	$ 319,565
50/50 Lotto	4,907	29,392	28,390
In Lieu Donations	5,270	31,911	21,406
Interest	2,170	11,748	3,627
HRDC grant	-	1,106	985
SEED grant	-	15,096	14,883
	25,582	386,491	388,856
Expenditure			
Contribution re SEED students	-	15,096	14,883
Fundraising projects	1,870	99,709	83,887
Interest and bank charges	25	1,521	1,465
Office supplies and postage	972	8,682	7,769
Other	856	1,648	3,380
Promotion	1,998	3,245	5,247
Telephone	594	2,442	2,110
Travel	1,926	12,001	14,115
Wages and benefits	17,343	104,554	100,633
	25,584	248,898	233,489
Excess of (expenditure over revenue) revenue over expenditure	$ (2)	$ 137,593	$ 155,367

Unrestricted net assets, beginning of period			
As previously reported		$ 232,443	$ 158,303
Prior period adjustment (Note 3)		(36,064)	(29,569)
As restated	$ 236,019	196,379	128,734
Excess of (expenditure and revenue) revenue over expenditure	(2)	137,593	155,367
Donations to Eastern Health (formerly Avalon Health Care Institutions Board)	(48,620)	(97,953)	(87,722)
Unrestricted net assets, end of period	$ 187,397	$ 236,019	$ 196,379

Trinity-Conception-Placentia Health Foundation Inc.
Statement of Financial Position

	March 31 2007	January 31 2007	January 31 2006
Assets			
Current			
Cash and cash equivalents	$ 311,034	$ 406,767	$ 278,561
Receivables	8,406	9,106	7,254
Other assets – land held for resale	48,500	48,500	48,500
Prepaids	4,278	-	-
	$ 372,218	$ 464,373	$ 334,315
Liabilities			
Current			
Payables and accruals	$ 156,863	$ 203,060	$ 124,559
Deferred revenue	12,211	10,531	-
	169,074	213,591	124,559
Accrued severance pay	15,747	14,763	13,377
	184,821	228,354	137,936
Net Assets			
Unrestricted net assets	187,397	236,019	196,379
	$ 372,218	$ 464,373	$ 334,315

Commitments (Note 6)

On behalf of the Board

________________ Member ________________ Member

Trinity-Conception-Placentia Health Foundation Inc.
Statement of Cash Flows

Periods Ended	(2 months) March 31 2007	(12 months) January 31 2007	(12 months) January 31 2006
Increase (decrease) in cash and cash equivalents			
Operating			
Excess of (expenditure over revenue) revenue over expenditure	$ (2)	$ 137,593	$ 155,367
Donations to Eastern Health	(48,620)	(97,953)	(87,722)
Prior period adjustment (Note 3)	-	-	(29,569)
	(48,622)	39,640	38,076
Change in non-cash operating working capital (Note 4)	(47,111)	88,566	122,051
Net (decrease) increase in cash and cash equivalents	(95,733)	128,206	160,127
Cash and cash equivalents			
Beginning of year	406,767	278,561	118,434
End of year	$ 311,034	$ 406,767	$ 278,561

Trinity-Conception-Placentia Health Foundation Inc.
Notes to the Financial Statements
March 31, 2007

1. Nature of operations

The Foundation raises funds to help support the Eastern Health (formerly the Avalon Health Care Institutions Board).

2. Summary of significant accounting policies

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the periods. Actual results could differ from these estimates.

Pledges

Revenue from pledges is recognized in the year received since donations are recorded on the cash basis.

Contributions receivable

Revenue from contributions receivable for pledges is recognized in the year that pledges are reasonably estimated to be received and where ultimate collection is reasonably assured. The total contributions receivable recognized in these financial statements are $4,588 and $3,510 at January 31, 2007 and March 31, 2007 respectively (2006 - $1,040).

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

Revenue recognition

Interest revenue is recognized as it is earned.

Grant revenue is recognized in the year which the entitlement arises and related expenses are incurred. Grants received related to costs to be incurred in future periods are deferred until the period when the related expenses are recognized.

Contributed materials and services

Contributed materials and services are recognized as In Lieu Donations revenue when the fair value of the assets can be reasonably estimated and when the materials and services are used in the normal course of the Foundation's operations and would otherwise have been purchased.

Land held for resale

The land held for resale has been recorded in the financial statements at its appraised value at the date of contribution.

2. **Summary of significant accounting policies** (cont'd.)

Severance pay

Severance pay is accounted for on an accrual basis and is based upon years of service and current salary levels. The entitlement to severance pay vests with employees after nine years of continual service and accordingly, no provision has been made in the accounts for employees with less than nine years of continual service. The amount is payable when the employee ceases employment with the Foundation. Employees receive one week of severance pay for each year of service, to a maximum of twenty weeks.

3. Prior period adjustment

During the year, the Foundation commenced recording vacation and severance accruals for its employees which were previously reported by Eastern Health. The statement of net assets and the comparative figures presented for 2006 have been restated to reflect this retroactive change. As a result of this change, unrestricted net assets at the beginning of 2006 were reduced by $29,569 and the excess of revenue over expenditures in 2006 was reduced by $6,495.

4. Supplemental cash flow information

	March 31 2007	January 31 2007	January 31 2006
Change in non-cash operating working capital			
Receivables	$ 700	$ (1,852)	$ 2,740
Prepaids	(4,278)	-	-
Payables and accruals	(46,197)	78,501	105,934
Deferred revenue	1,680	10,531	-
Accrued severance pay	984	1,386	13,377
	$ (47,111)	$ 88,566	$ 122,051

5. Income tax status

Trinity-Conception-Placentia Health Foundation Inc. is a charitable organization as defined in the Income Tax Act (Canada) and issues charitable receipts for donations received.

6. Commitments

The Foundation has commitments to Eastern Health to provide contributions of $80,583 and $35,432 for capital equipment purchases at January 31, 2007 and March 31, 2007 respectively.

7. Related party transactions

Included in payables and accruals are amounts payable to Eastern Health of $124,130 and $76,911 at January 31, 2007 and March 31, 2007 respectively.

8. Financial instruments

Fair values of financial instruments are disclosed in the notes to the financial statements when they differ from the carrying amounts. Where amounts receivable and payable are subject to normal credit terms, their carrying amount is used as an approximation.

9. Comparative figures

The comparative figures presented for the year ended January 31, 2006 and have been restated to conform with the financial statement presentation adopted for the year ended January 31, 2007 and two month period ended March 31, 2007.

Grant Thornton

Financial Statements

Trinity-Conception-Placentia Health Foundation Inc.

March 31, 2008

Grant Thornton

Auditors' report

Grant Thornton LLP
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To the Board of Directors of the
Trinity-Conception-Placentia Health Foundation Inc.

We have audited the statement of financial position of the Trinity-Conception-Placentia Health Foundation Inc. as at March 31, 2008 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Foundation derives certain of its revenue from the general public in the form of donations and other fund raising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amount recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditure, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenues referred to in the previous paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland and Labrador

September 2, 2008

Chartered Accountants

Trinity-Conception-Placentia Health Foundation Inc.

Statements of Operations and Changes in Net Assets

Periods Ended	(12 months) March 31, 2008	(2 months) March 31, 2007	(12 months) January 31, 2007
Revenue			
Donations	$ 325,969	$ 13,235	$ 297,238
50/50 Lotto	28,439	4,907	29,392
In Lieu Donations	16,823	5,270	31,911
Interest	15,446	2,170	11,748
HRDC grant	-	-	1,106
SEED grant	41,350	-	15,096
	428,027	25,582	386,491
Expenditure			
Contribution re SEED students	41,350	-	15,096
Fundraising projects	65,051	1,870	99,709
Interest and bank charges	3,685	25	1,521
Office supplies and postage	8,569	972	8,682
Other	5,749	856	1,648
Promotion	2,025	1,998	3,245
Telephone	2,277	594	2,442
Travel	11,734	1,926	12,001
Wages and benefits	90,403	17,343	104,554
	230,843	25,584	248,898
Excess of revenue over expenditure (expenditure over revenue)	$ 197,184	$ (2)	$ 137,593

Unrestricted net assets, beginning of period			
As previously reported			$ 232,443
Prior period adjustment (Note 3)			(36,064)
As restated	$ 187,397	$ 236,019	196,379
Excess of revenue over expenditure (expenditure over revenue)	197,184	(2)	137,593
Donations to the Eastern Regional Health Authority	(44,372)	(48,620)	(97,953)
Unrestricted net assets, end of period	$ 340,209	$ 187,397	$ 236,019

Trinity-Conception-Placentia Health Foundation Inc.
Statement of Financial Position

	March 31, 2008	March 31, 2007	January 31, 2007
Assets			
Current			
Cash and cash equivalents (Note 4)	$ 369,233	$ 311,034	$ 406,767
Receivables	10,572	8,406	9,106
Other assets - land held for resale	48,500	48,500	48,500
Prepaids	-	4,278	-
	$ 428,305	$ 372,218	$ 464,373
Liabilities			
Current			
Payables and accruals	$ 57,331	$ 156,863	$ 203,060
Deferred revenue	13,532	12,211	10,531
	70,863	169,074	213,591
Accrued severance pay	17,233	15,747	14,763
	88,096	184,821	228,354
Net Assets			
Unrestricted net assets	340,209	187,397	236,019
	$ 428,305	$ 372,218	$ 464,373

Commitments (Note 6)

On behalf of the Board

_______________ Director _______________ Director

Trinity-Conception-Placentia Health Foundation Inc.

Statement of Cash Flows

Periods Ended	(12 months) March 31, 2008	(2 months) March 31, 2007	(12 months) January 31, 2007
Increase (decrease) in cash and cash equivalents			
Operating			
Excess of revenue over expenditure (expenditure over revenue)	$ 197,184	$ (2)	$ 137,593
Donations to Eastern Health	(44,372)	(48,620)	(97,953)
	152,812	(48,622)	39,640
Change in non-cash operating working capital (Note 4)	(94,613)	(47,111)	88,566
Net increase (decrease) in cash and cash equivalents	58,199	(95,733)	128,206
Cash and cash equivalents			
Beginning of period	311,034	406,767	278,561
End of period (Note 4)	$ 369,233	$ 311,034	$ 406,767

1. Nature of operations

The Foundation raises funds to help support the Eastern Regional Health Authority.

2. Summary of significant accounting policies

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenditures during the periods. Actual results could differ from these estimates.

Revenue recognition

Interest revenue is recognized as it is earned.

Grant revenue is recognized in the year which the entitlement arises and related expenditures are incurred. Grants received related to costs to be incurred in future periods are deferred until the period when the related expenditures are recognized.

Pledges

Revenue from pledges is recognized in the year received since donations are recorded on the cash basis.

Contributed materials and services

Contributed materials and services are recognized as In Lieu Donations revenue when the fair value of the assets can be reasonably estimated and when the materials and services are used in the normal course of the Foundation's operations and would otherwise have been purchased.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and temporary investments consisting of a guaranteed investment certificate. Temporary investments are classified as held for trading financial instruments and are recorded at fair market value.

Contributions receivable

Revenue from contributions receivable for pledges is recognized in the year that pledges are reasonably estimated to be received and where ultimate collection is reasonably assured. The total contributions receivable recognized in these financial statements are $Nil at March 31, 2008 (2007 - $4,588 and $3,510 at January 31, 2007 and March 31, 2007 respectively).

2. Summary of significant accounting policies (cont'd.)

Land held for resale

The land held for resale has been recorded in the financial statements at its appraised value at the date of contribution.

Accrued vacation pay

Vacation pay is accrued for all employees as entitlement to these payments is earned.

Accrued severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. The entitlement to severance pay vests with employees after nine years of continual service and accordingly, no provision has been made in the accounts for employees with less than nine years of continual service. The amount is payable when the employee ceases employment with the Foundation. Employees receive one week of severance pay for each year of service, to a maximum of twenty weeks.

Pension costs

Employees of the Foundation are included in the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador. Contributions to the plans are required from both the employees and the Foundation. The annual contributions for pensions are recognized as an expenditure in the accounts on a current basis.

Accounting standards and policies adopted during the year

(i) Accounting changes

In July 2006, the Canadian Institute of Chartered Accountants ("CICA") issued Section 1506 of the CICA Handbook, "Accounting Changes", which describes the criteria for changing accounting policies, along with the accounting and disclosure for changes in accounting policies, changes in accounting estimates and correction of errors. These changes came into effect as of January 1, 2007 and are applicable for the Foundation's year ended March 31, 2008.

(ii) Financial instruments

On April 1, 2007, the Foundation implemented the CICA Sections 3855, "Financial Instruments - Recognition and Measurement" and 3861, "Financial Instruments - Disclosure and Presentation.

This new standard, CICA Section 3855, "Financial Instruments - Recognition and Measurement", requires the Foundation to revalue all of its financial assets and liabilities, including any derivatives and embedded derivatives in certain contracts, at fair value on the initial date of implementation and at each subsequent financial reporting date.

2. **Summary of significant accounting policies** (cont'd.)

This standard also requires the Foundation to classify financial assets and liabilities according to their characteristics and management's choices and intentions related thereto for the purposes of ongoing measurements. Classification choices for financial assets include: a) held for trading - measured at fair value with changes in fair value recorded in net earnings; b) held to maturity - recorded at amortized cost with gains and losses recognized in net earnings in the period that the asset is no longer recognized or impaired; c) available-for-sale - measured at fair value with changes in fair value recognized in net assets for the current period until realized through disposal or impairment; and d) loans and receivables - recorded at amortized cost with gains and losses recognized in net earnings in the period that the asset is no longer recognized or impaired.

Classification choices for financial liabilities include: a) held for trading - measured at fair value with changes in fair value recorded in net earnings and b) other - measured at amortized cost with gains and losses recognized in net earnings in the period that the liability is no longer recognized.

Subsequent measurement for these assets and liabilities are based on either fair value or amortized cost using the effective interest method, depending upon their classification. Any financial asset or liability can be classified as held for trading as long as its fair value is reliably determinable.

In accordance with the new standard, the Foundation's financial assets and liabilities are generally classified and measured as follows:

Asset/Liability	Classification	Measurement
Cash and cash equivalents	Held for trading	Fair value
Receivables	Loans and receivables	Amortized cost
Payables and accruals	Other liabilities	Amortized cost

Other balance sheet accounts, such as prepaids, other assets and deferred revenue are not within the scope of the new accounting standards as they are not financial instruments.

The fair value of a financial instrument is the estimated amount that the Foundation would receive or pay to terminate the instrument agreement at the reporting date. To estimate the fair value of each type of financial instrument, various market value data was used as appropriate. The fair value of cash approximated its carrying value.

Section 3861, "Financial Instruments - Disclosure and Presentation", which replaces 3860, of the same title, establishes standards for the presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them.

Based on managerial review and valuation of the Foundation's financial instruments, no significant differences between carrying value and fair value were identified. Therefore, no transitional adjustments were required.

2. Summary of significant accounting policies (cont'd.)

Future changes in accounting policies

(i) Financial instruments – disclosure and financial instruments - presentation

Section 3862 "Financial Instruments – Disclosure" and Section 3863 "Financial Instruments - Presentation" replaces Section 3861, "Financial Instruments – Disclosure and Presentation". Section 3862 requires increased disclosures regarding the risk associated with financial instruments such as credit risk and market risks, liquidity risks and the techniques used to identify, monitor and manage these risks. Section 3863 carries forward standards for presentation of financial instruments and non-financial derivatives and provides additional guidance for the classification of financial instruments, from the perspective of the issuer, between liabilities and equity. These standards are effective for financial statements relating to fiscal years beginning on or after October 1, 2007.

The Foundation does not expect the adoption of these standards to have a significant impact on its financial disclosure and results of operations.

3. Prior period adjustment

During the prior year, the Foundation commenced recording vacation and severance accruals for its employees which were previously reported by the Eastern Regional Health Authority. As a result of this change, unrestricted net assets at the beginning of 2007 were reduced by $36,064

4. Supplemental cash flow information

	March 31, 2008	March 31, 2007	January 31, 2007
Change in non-cash operating working capital			
Receivables	$ (2,166)	$ 700	$ (1,852)
Prepaids	4,278	(4,278)	-
Payables and accruals	(99,532)	(46,197)	78,501
Deferred revenue	1,321	1,680	10,531
Accrued severance pay	1,486	984	1,386
	$ (94,613)	$ (47,111)	$ 88,566
Cash and cash equivalents consist of:			
Cash	$ 330,669	$ 311,034	$ 406,767
Temporary investments - guaranteed investment certificate	38,564	-	-
	$ 369,233	$ 311,034	$ 406,767

5. Income tax status

Trinity-Conception-Placentia Health Foundation Inc. is a charitable organization as defined in the Income Tax Act (Canada) and issues charitable receipts for donations received.

6. Commitments

The Foundation has commitments to the Eastern Regional Health Authority to provide contributions of $371,200 for capital equipment purchases as at March 31, 2008.

7. Related party transactions

The Foundation operates for the purpose of accumulating funds to help the various sites of the Eastern Regional Health Authority. Transactions between these related parties are measured at their exchange amounts.

Included in receivables are amounts due from the Eastern Regional Health Authority of $6,664. (2007 – in payables and accruals are amounts due to the Eastern Regional Health Authority of $124,130 and $76,911 at January 31, 2007 and March 31, 2007 respectively).

Grant Thornton

Financial Statements

Western Regional Health Authority

March 31, 2009

Grant Thornton

Auditors' report

Grant Thornton LLP
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To the Board of Trustees

Western Regional Health Authority

We have audited the statement of financial position of the Western Regional Health Authority as at March 31, 2009 and the statements of changes in deficiency, statement of operations and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Corner Brook, Newfoundland and Labrador

June 4, 2009

Chartered Accountants

Western Regional Health Authority

Statement of financial position

March 31	2009	2008
Assets		
Current		
Cash and cash equivalents	$ **160,069**	$ 168,454
Receivables (Note 4)	**18,960,328**	12,368,400
Inventory (Note 2)	**3,512,510**	3,363,852
Prepaid expenses	**5,934,819**	5,589,056
	28,567,726	21,489,762
Due from associated funds (Note 5)	**775,487**	540,627
Capital assets (Note 6)	**63,179,552**	61,234,871
Trust funds on deposit (Note 7)	**490,343**	511,690
Restricted cash and investments	**116,586**	135,499
	$ **93,129,694**	$ 83,912,449
Liabilities		
Current		
Bank indebtedness (Note 8)	$ **8,383,974**	$ 13,697,073
Payables and accruals	**22,252,988**	24,471,886
Deferred contributions – operating	**4,205,265**	3,338,084
Deferred contributions - capital	**19,292,033**	8,052,198
Vacation pay accrual	**7,983,362**	7,667,852
Current portion of severance pay accrual	**1,500,000**	1,500,000
Current portion of long term debt (Note 9)	**831,900**	785,600
	64,449,522	59,512,693
Severance pay accrual	**24,361,378**	22,633,517
Trust funds payable	**490,343**	511,690
Long term debt (Note 9)	**4,363,818**	5,195,960
Deferred contributions		
– unamortized portion of capital asset grants	**54,548,530**	51,615,494
	148,213,591	139,469,354
Net assets (deficiency)		
Net assets invested in capital assets	**3,435,301**	3,637,813
Restricted net assets, endowments	**121,032**	137,134
Unrestricted deficiency (Note 10)	**(58,640,230)**	(59,331,852)
	(55,083,897)	(55,556,905)
	$ **93,129,694**	$ 83,912,449

Contingencies and commitments (Note 12)

On behalf of the Board

_____________ Member _____________ Member

Western Regional Health Authority

Statement of changes in deficiency

March 31

				2009	2008
	Unrestricted	**Capital**	**Endowments (Restricted)**	**Total**	Total
Net assets (deficiency), Beginning of year	$ (59,331,852)	$ 3,637,813	$ 137,134	$ **(55,556,905)**	$ (55,653,419)
Operating surplus	473,008	-	-	**473,008**	96,514
Principal repayment of long term debt	(164,811)	164,811	-	-	-
Principal repayment of capital lease	(621,030)	621,030	-	-	-
Restricted interest loss	16,102	-	(16,102)	-	-
Amortization of capital assets					
Shareable	785,841	(785,841)	-	-	-
Non-shareable	6,243,658	(6,243,658)	-	-	-
Amortization of deferred capital asset grants	(6,041,146)	6,041,146	-	-	-
Net assets (deficiency), end of year	$ (58,640,230)	$ 3,435,301	$ 121,032	$ **(55,083,897)**	$ (55,556,905)

Western Regional Health Authority

Statement of operations

Year ended March 31	2009	2008
Revenue		
Provincial plan	**$ 231,126,172**	$ 208,206,193
Other	**42,857,270**	41,163,301
	273,983,442	249,369,494
Expenditures		
Administration	**21,618,344**	19,172,701
Support services	**50,374,684**	46,169,414
Nursing inpatient services	**67,638,434**	61,892,769
Medical services	**16,485,418**	16,408,008
Ambulatory care services	**18,971,431**	18,232,413
Diagnostic and therapeutic services	**26,074,640**	23,492,806
Community and social services	**62,953,065**	55,678,414
Educational services	**4,387,760**	3,845,049
Undistributed	**1,974,934**	1,972,407
	270,478,710	246,863,981
Operating surplus before shareable amortization and non-shareable items	**3,504,732**	2,505,513
Shareable amortization	**785,841**	741,858
Operating surplus for government reporting before non-shareable items	**2,718,891**	1,763,655
Adjustments for non-shareable items		
Amortization expense	**6,243,658**	5,736,764
Accrued vacation expense – increase	**315,510**	928,076
Accrued severance expense – increase	**1,727,861**	516,535
Non shareable interest on capital lease		1,723
Amortization of deferred capital equipment grants	**(6,041,146)**	(5,515,957)
	2,245,883	1,667,141
Surplus on operations	**$ 473,008**	$ 96,514

Western Regional Health Authority

Statement of cash flows

Year ended March 31	2009	2008
Decrease in cash and cash equivalents		
Operating		
Operating surplus	$ 473,008	$ 96,514
Increase in severance and vacation pay accrual	2,043,371	1,444,611
Amortization of capital assets – non-shareable	6,243,658	5,736,764
Amortization of capital assets – shareable	785,841	741,858
Amortization of capital asset grants	(6,041,146)	(5,515,957)
	3,504,732	2,503,790
Changes in		
Receivables	(6,591,928)	(3,555,924)
Inventory	(148,658)	(8,604)
Prepaid expenses	(345,763)	(356,050)
Due from associated funds	(234,860)	(128,780)
Deferred contributions - operating	867,181	(409,199)
Payables and accruals	(2,218,898)	1,739,607
	(5,168,194)	(215,160)
Financing		
Decrease in bank indebtedness	(5,313,099)	(2,208,569)
Capital contributions	20,214,016	13,182,574
Repayment of long term debt – operating	(785,841)	(741,858)
Repayment of long term debt - capital	-	(86,317)
	14,115,076	10,145,830
Investing		
Purchase of capital assets	(8,974,180)	(9,946,202)
Decrease in restricted cash and investments	18,913	2,307
	(8,955,267)	(9,943,895)
Net decrease in cash and cash equivalents	(8,385)	(13,225)
Cash and cash equivalents		
Beginning of year	168,454	181,679
End of year	$ 160,069	$ 168,454

1. Nature of operations

The Western Regional Health Authority ("Western Health") is constituted under the Regional Health Authority's Act (formerly known as the Hospital's Act) Constitution Order and is responsible for the management and control of the operations of acute and long term care facilities as well as community health services in the western region of the Province of Newfoundland and Labrador.

Western Health is a registered charity and, while registered, is exempt from income tax.

2. Summary of significant accounting policies

Basis of presentation

These financial statements include the assets, liabilities, revenues, and expenditures of the operating, capital, and endowment funds.

Fund accounting

The Authority applies fund accounting principles in recording its financial transactions in the operating fund or net investment in capital assets.

The operating fund contains all the operating assets, liabilities, revenue and expenditures of the Authority related to the provision of health care services. The assets of the operating fund are available for the satisfaction of debts, contingent liabilities and commitments of the Authority.

The net investment in capital assets represents assets purchased with the operating fund.

Use of estimates

In preparing Western Health's financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks and short term deposits, with original maturities of three months or less. Bank borrowings are considered to be financing activities.

2. Summary of significant accounting policies (cont'd)

Inventory
Inventory is valued at average cost. Cost includes purchase price plus the non-refundable portion of applicable taxes. Inventory at year end consisted of the following:

	2009	2008
Dietary	$ 86,670	$ 92,595
Pharmacy	1,491,295	1,407,658
Supplies	1,934,545	1,863,599
	$ 3,512,510	$ 3,363,852

Capital assets
Western Health has control over certain assets for which title resides with the Government of Newfoundland and Labrador. These assets have not been recorded in the financial statements of Western Health. Capital assets acquired after January 1, 1996 are recorded at cost. Assets are not amortized until placed in use. Assets that are acquired through long term borrowing are amortized at an amount equal to the annual principal repayment of the debt obligation. The remaining assets in use are amortized on a declining balance basis at the following rates:

Land improvements	2 ½%
Buildings	6 ¼%
Parking lot	6 ¼%
Equipment	15%
Equipment under capital lease	15%
Motor vehicles	20%
Leasehold Improvements	20%

Capital and operating leases
A lease that transfers substantially all of the risks and rewards incidental to the ownership of property is accounted for as a capital lease. Assets acquired under capital lease result in a capital asset and an obligation being recorded equal to the lesser of the present value of the minimum lease payments and the property's fair value at the time of inception. All other leases are accounted for as operating leases and the related payments are expensed as incurred.

2. Summary of significant accounting policies (cont'd)

Severance and vacation pay liability
An accrued liability for severance and vacation pay is recorded in the accounts for all employees who have a vested right to receive such payments. Severance pay vests after nine years of continuous service and no provision has been made for employees with less than nine years of service.

Impairment of long-lived assets
Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

Revenue recognition
Provincial plan revenue is recognized in the period in which entitlement arises. Revenue received for a future period is deferred until that future period and is reflected as deferred contributions - operating.

Donations of materials and services that would otherwise have been purchased are recorded at fair value when a fair value can be reasonably determined.

Capital contributions expended are recorded as deferred contributions and amortized to income on a declining balance basis using the same rates as depreciation expense related to the capital assets purchased. Capital contributions expended for non-depreciable capital assets are recorded as direct increases in net assets. Non-expended capital contributions are deferred and are not amortized until expended.

Revenue from the sale of goods and services is recognized at the time the goods are delivered or the services are provided.

The Authority reviews outstanding receivables at least annually and provides an allowance for receivables where collection has become questionable.

Pension costs
Employees of Western Health are covered by the Public Service Pension Plan and the Government Money Pension Plan administered by the Province of Newfoundland and Labrador. Contributions to the plans are required from both the employees and the Authority. The annual contributions for pensions are recognized in the accounts on a current basis.

2. Summary of significant accounting policies (cont'd)

Financial instruments

On April 1, 2007, the Authority implemented the CICA Handbook Sections 3855, "Financial Instruments - Recognition and Measurement" and 3861, "Financial Instruments - Disclosure and Presentation". These standards have been applied without restatement of prior years.

Section 3855, "Financial Instruments - Recognition and Measurement", requires the Authority to revalue all of its financial assets and liabilities at fair value on the initial date of implementation and at each subsequent financial reporting date.

This standard also requires the Authority to classify financial assets and liabilities according to their characteristics and management's choices and intentions related thereto for the purposes of ongoing measurements. Classification choices for financial assets include: a) held for trading - measured at fair value with changes in fair value recorded in net earnings; b) held to maturity - recorded at amortized cost with gains and losses recognized in net earnings in the period that the asset is no longer recognized or impaired; c) available-for-sale - measured at fair value with changes in fair value recognized in net assets for the current period until realized through disposal or impairment; and d) loans and receivables - recorded at amortized cost with gains and losses recognized in net earnings in the period that the asset is no longer recognized or impaired.

Classification choices for financial liabilities include: a) held for trading - measured at fair value with changes in fair value recorded in net earnings and b) other - measured at amortized cost with gains and losses recognized in net earnings in the period that the liability is no longer recognized. Subsequent measurement for these assets and liabilities are based on either fair value or amortized cost using the effective interest method, depending upon their classification. Any financial asset or liability can be classified as held for trading as long as its fair value is reliably determinable.

In accordance with the standard, the Authority's financial assets and liabilities are generally classified and measured as follows:

Asset/Liability	**Classification**	**Measurement**
Cash and cash equivalents	Held for trading	Fair value
Receivables	Loans and receivables	Amortized cost
Due from associated funds	Loans and receivables	Amortized cost
Trust funds on deposit	Held for trading	Fair value
Restricted cash and investments	Held for trading	Fair value
Bank indebtedness	Held for trading	Fair value
Payables and accruals	Other liabilities	Amortized cost
Long term debt	Other liabilities	Amortized cost
Trust funds payable	Held for trading	Fair value

Other balance sheet accounts, such as inventory, prepaid expenses, capital assets, and deferred contributions are not within the scope of the accounting standards as they are not financial instruments.

2. Summary of significant accounting policies (cont'd)

Financial instruments (cont'd)

Embedded derivatives are required to be separated and measured at fair values if certain criteria are met. Under an election permitted by the standard, management reviewed contracts entered into or modified subsequent to April 1, 2003 and determined that the Authority does not currently have any significant embedded derivatives in its contracts that require separate accounting treatment.

The fair value of a financial instrument is the estimated amount that the Authority would receive or pay to terminate the instrument agreement at the reporting date. To estimate the fair value of each type of financial instrument various market value data and other valuation techniques were used as appropriate. The fair values of cash approximated its carrying value.

Accounting standards and policies adopted during the year

(i) Inventories

In March 2007, the CICA issued section 3031 "Inventories", which has replaced existing Section 3030 with the same title. The new Section establishes that inventories should be measured at the lower of cost and net realizable value, with guidance on the determination of cost. This standard is effective for financial statements relating to fiscal years beginning on or after January 1, 2008.

(ii) Financial Instruments – Disclosure and Financial Instruments - Presentation

Section 3862 "Financial Instruments – Disclosure" and Section 3863 "Financial Instruments – Presentation" replaces Section 3861, "Financial Instruments – Disclosure and Presentation". Section 3862 requires increased disclosures regarding the risks associated with financial instruments such as credit risk, liquidity risk and market risks and the techniques used to identify, monitor and manage these risks. Section 3863 carries forward standards for presentation of financial instruments and non-financial derivatives and provides additional guidance for the classification of financial instruments, from the perspective of the issuer, between liabilities and equity. These standards are effective for financial statements relating to fiscal years beginning on or after October 1, 2007.

3. Control of not-for-profit entities

The Authority controls Gateway Apartments, Emile Benoit House & Units, Interfaith Home and Cottages, Bay St. George Cottages and LHC Cottages. These entities were established to provide housing to senior citizens.

The Authority is responsible for policy direction, distribution of operating funds and capital grants, and providing certain services to the homes, which are individually controlled.

The above not-for-profit entities have not been consolidated into the Authority's financial statements; however separate financial statements are available on request. Financial summaries of these non-consolidated entities as at March 31, 2009 and 2008 and for the years then ended are as follows:

	2009	2008
Financial position		
Total assets	$ 8,143,139	$ 8,572,262
Total liabilities	8,020,351	8,136,848
Total net assets	122,788	435,414
	$ 8,143,139	$ 8,572,262
Results of operations		
Total revenue	$ 1,564,034	$ 1,539,475
Total expenditures	1,649,658	1,619,223
Transfer from NLHC	28,634	15,177
Excess of revenue over expenditures (expenditures over revenue)	$ (56,990)	$ (64,571)
Cash flows		
Cash from operations	$ 458,118	$ 466,797
Cash used in financing and investing activities	(376,783)	(357,555)
Increase in cash	$ 81,335	$ 109,242

4. Receivables

		2009		2008
Province of Newfoundland and Labrador				
Capital contributions	$	**6,380,434**	$	4,938,819
Provincial plan		**6,732,084**		1,580,116
MCP		**2,018,652**		1,739,094
Patient services		**1,448,758**		1,287,130
Employees' pay and travel advances		**498,706**		550,662
Harmonized sales tax rebate		**527,317**		709,610
Other		**1,354,377**		1,562,969
	$	**18,960,328**	$	12,368,400

5. Due from associated funds

		2009		2008
Cottages	$	**727,985**	$	498,153
Foundations		**47,502**		42,474
	$	**775,487**	$	540,627

Amounts due from associated funds are non-interest bearing with no set terms of repayment.

6. Capital assets

2009

		Cost		Accumulated Depreciation		Net Book Value
Land	$	**674,808**	$	-	$	**674,808**
Land improvements		**435,091**		233,572		**201,519**
Buildings		**48,774,688**		21,879,840		**26,894,848**
Parking lot		**1,141,682**		565,709		**575,973**
Equipment		**86,159,590**		53,659,626		**32,499,964**
Equipment under capital lease		**7,162,767**		5,234,725		**1,928,042**
Motor vehicles		**944,842**		575,824		**369,018**
Leasehold improvements		**232,458**		197,078		**35,380**
	$	**145,525,926**	$	82,346,374	$	**63,179,552**

6. Capital assets (cont'd)

2008

		Cost		Accumulated Depreciation		Net Book Value
Land	$	674,808	$	-	$	674,808
Land improvements		147,791		71,230		76,561
Buildings		48,650,757		20,169,172		28,481,585
Parking lot		1,164,080		693,316		470,764
Equipment		77,793,078		49,105,376		28,687,702
Equipment under capital lease		7,162,767		4,578,623		2,584,144
Motor vehicles		726,005		510,923		215,082
Leasehold improvements		232,458		188,233		44,225
	$	136,551,744	$	75,316,873	$	61,234,871

7. Trust funds

Funds belonging to patients of the Authority are being held in trust for the benefit of the patients.

8. Bank indebtedness

The Authority has access to a line of credit with the Bank of Montreal in the amount of $23,500,000 (2008 - $24,500,000) in the form of revolving demand loans and/or bank overdrafts. The authorization to borrow has been approved by the Minister of Health and Community Services. The balance outstanding on this line of credit at March 31, 2009 is $8,383,974. Interest is being charged at prime less 1.15% on any overdraft (March 31, 2009 1.35%, March 31, 2008 – 3.60%).

9. Long term debt

		2009		2008
4.26% mortgage on the Bay St. George Seniors Home, maturing in 2021, payable in blended monthly payments of $13,544	$	**1,543,949**	$	1,639,200
8% mortgage on the Bay St. George Seniors Home, maturing in 2026, payable in blended monthly payments of $9,523		**1,087,466**		1,115,137

9. **Long term debt (cont'd)**	**2009**	2008
7.875% mortgage on the Corner Brook Interfaith Home, maturing in 2022, repayable in blended monthly payments of $6,056	**594,763**	620,340
4.56% mortgage on the Woody Point Clinic, maturing in 2020, repayable in blended monthly payments of $2,304	**240,240**	256,553
Obligations under capital lease, 5.83%, maturing in 2011, payable in blended monthly payments of $61,759	**1,729,300**	2,350,330
	5,195,718	5,981,560
Less: Current portion	**831,900**	785,600
	$ 4,363,818	$ 5,195,960

As security for the mortgages, Western Health has provided a first mortgage over land and buildings at the Corner Brook Interfaith Home, the Bay St. George Senior Citizens Home and Woody Point Clinic.

As security for the capital leases Western Health has provided specific capital equipment having a net book value of $1,928,043 (2008 - $2,584,144).

10. **Unrestricted deficiency**	**2009**	2008
Accumulated operating deficit	**$ 24,795,490**	$ 27,530,483
Accrued severance pay	**25,861,378**	24,133,517
Accrued vacation pay	**7,983,362**	7,667,852
	$ 58,640,230	$ 59,331,852

11. Obligations under long term debt and leases

Western Health has acquired building additions and equipment under the terms of long term debt and capital leases. Payments under these obligations, scheduled to expire at various dates to 2013, are as follows:

Fiscal year ended	
2010	$ 831,900
2011	881,000
2012	558,000
2013	204,600
2014	216,200
	2,691,700
Less: Current portion	831,900
	$ 1,859,800

12. Contingencies and commitments

Claims

As of March 31, 2009, there were a number of claims against the Authority in varying amounts for which no provision has been made. It is not possible to determine the amounts, if any, that may ultimately be assessed against the Authority with respect to these claims, but management believes any claim, if successful, will be covered by liability insurance.

Operating leases

Western Health has a number of agreements whereby it leases vehicles and office equipment, in addition to those disclosed under Note 9. These agreements range in terms from five to ten years. These leases are accounted for as operating leases. Future minimum lease payments under operating leases for the next five years are estimated as follows:

Fiscal year ended	
2009	$ 400,000
2010	$ 400,000
2011	$ 400,000
2012	$ 400,000
2013	$ 400,000

Capital assets

During the year, the Authority entered into a contract with GE for the purchase and installation of three Mammogram units. At year end, the Authority still has a commitment to pay $724,085 once the equipment is installed.

13. Subsequent event

Subsequent to year end a tentative agreement was reached between the Government of Newfoundland and Labrador and the Newfoundland and Labrador Nurse's Union. The Authority has included an accrual for this wage increase in the current year payables and accruals. In addition, the Department of Health and Community Services has provided a budget adjustment for this amount which is reflected in the Authority's Provincial Plan Revenue and related receivables.

Western Regional Health Authority
Expenditures – operating/shareable
Schedule I

Year ended March 31	2009	2008
Administration		
General administration	**$ 8,672,086**	$ 8,203,798
Finance	**2,601,970**	2,374,339
Personnel services	**3,033,875**	2,758,086
System support	**2,876,512**	1,618,054
Other administrative	**4,433,901**	4,218,424
	21,618,344	19,172,701
Support services		
Housekeeping	**8,763,195**	7,387,980
Laundry and linen	**2,374,766**	2,194,199
Plant services	**17,555,359**	15,845,282
Patient food services	**10,893,717**	10,145,901
Other support services	**10,787,647**	10,596,052
	50,374,684	46,169,414
Nursing inpatient services		
Nursing inpatient services – acute	**44,987,569**	39,876,168
Medical services	**16,485,418**	16,408,008
Nursing inpatient services – long term care	**22,650,865**	22,016,601
	84,123,852	78,300,777
Ambulatory care services	**18,971,431**	18,232,413
Diagnostic and therapeutic services		
Clinical laboratory	**8,337,570**	7,452,118
Diagnostic imaging	**7,398,521**	6,514,994
Other diagnostic and therapeutic	**10,338,549**	9,525,694
	26,074,640	23,492,806

Western Regional Health Authority
Expenditures – operating/shareable
Schedule I (cont'd)

Year ended March 31	2009	2008
Community and social services		
Mental health and addictions	**4,419,042**	3,861,327
Community support programs	**32,809,346**	28,832,624
Family support programs	**16,133,355**	13,418,482
Community youth corrections program	**2,380,890**	2,352,018
Health promotion and protection program	**7,210,432**	7,213,963
	62,953,065	55,678,414
Education	**4,387,760**	3,845,049
Undistributed	**1,974,934**	1,972,407
Shareable amortization	**785,841**	741,858
Total expenditures	**$ 271,264,551**	$ 247,605,839

Western Regional Health Authority

Revenue and expenditures for government reporting

Operating fund

Schedule II

Year ended March 31	2009	2008
Revenue		
Provincial plan	**$ 231,126,172**	$ 208,206,193
MCP physician	**13,774,444**	13,642,719
ELCC	**1,393,509**	1,325,244
NCB	**1,489,571**	1,361,902
ECD	**587,154**	404,711
Inpatient	**2,054,689**	1,987,353
Outpatient	**1,339,077**	1,114,398
LTC resident	**7,144,407**	6,945,209
Mortgage interest subsidy	**40,507**	40,507
Food service	**2,754,782**	2,548,292
Other recoveries	**7,971,063**	7,740,476
Other	**4,308,067**	4,052,490
Total revenue	**273,983,442**	249,369,494
Expenditures		
Worked and benefit salaries and contributions	**145,547,170**	131,486,723
Benefit contributions	**25,591,512**	23,026,509
	171,138,682	154,513,232
Supplies – plant operations and maintenance	**6,471,328**	6,057,335
Supplies – drugs	**7,094,451**	7,340,267
Supplies – medical and surgical	**8,643,455**	8,044,325
Supplies – other	**12,765,879**	12,424,275
	34,975,113	33,866,202
Direct client costs – mental health and addictions	**158,330**	50,677
Direct client costs – community support	**23,687,934**	21,136,157
Direct client costs – family support	**6,873,742**	6,573,948
Direct client costs – community youth corrections	**26,072**	38,580
	30,746,078	27,799,362
Other shareable expenses	**33,287,106**	30,308,643

Western Regional Health Authority
Revenue and expenditures for government reporting
Operating fund
Schedule II (cont'd)

Year ended March 31	2009	2008
Long term debt – interest	**211,658**	221,194
Long term debt – principal	**164,811**	155,235
Capital lease – interest	**120,073**	155,348
Capital lease – principal	**621,030**	586,623
	1,117,572	1,118,400
Total expenditures	**271,264,551**	247,605,839
Operating surplus for government reporting	**2,718,891**	1,763,655
Long term debt - principal	**164,811**	155,235
Capital lease – principal	**621,030**	586,623
Surplus inclusive of other operations	**3,504,732**	2,505,513
Shareable amortization	**785,841**	741,858
Surplus before non-shareable items	**2,718,891**	1,763,655
Non-shareable items		
Amortization expense	**6,243,658**	5,736,764
Accrued vacation expense increase	**315,510**	928,076
Accrued severance expense - increase	**1,727,861**	516,535
Non-shareable interest on capital lease	**-**	1,723
Amortization of deferred capital equipment grants	**(6,041,146)**	(5,515,957)
	2,245,883	1,667,141
Surplus inclusive of non-shareable items	**$ 473,008**	$ 96,514

Western Regional Integrated Health Authority
Funding and expenditures for government reporting
Capital transactions
Schedule III

Year ended March 31		2009		2008
Sources of funds				
Provincial capital equipment grant in current year	$	**13,983,135**	$	10,935,191
Provincial facility capital grant in current year		**7,690,000**		2,760,000
Add: deferred capital grant from prior year		**8,052,198**		4,903,868
Less: deferred capital grant from current year		**(19,292,033)**		(8,052,198)
		10,433,300		10,546,861
Other contributions				
Foundations, auxiliaries and other		**946,474**		726,053
Total funding		**11,379,774**		11,272,914
Expenditures				
Asset, building and land		**388,832**		856,655
Asset, equipment		**8,585,348**		9,089,547
Expense, facilities, repair and maintenance		**2,405,594**		1,238,670
		11,379,774		11,184,872
Other expenditures				
Repayment of capital lease		-		88,042
Total expenditures		**11,379,774**		11,272,914
Surplus on capital purchases	$	-	$	-

Western Regional Health Authority

Accumulated operating deficit for government reporting

Schedule IV

Year ended March 31	2009	2008
Accumulated operating deficit		
Current assets		
Cash and cash equivalents	**$ 160,069**	$ 168,454
Accounts receivable	**18,759,523**	12,368,400
Inventory	**3,512,510**	3,363,852
Prepaid expenses	**5,934,819**	5,589,056
Due from associated funds	**775,487**	540,627
Other	**(4,443)**	(1,630)
Total current assets	**$ 29,137,965**	$ 22,028,759
Current liabilities		
Bank indebtedness	**$ 8,383,974**	$ 13,697,073
Accounts payable and accrued liabilities	**22,052,183**	24,471,886
Deferred contributions – operating	**4,205,265**	3,338,084
Deferred contributions - capital	**19,292,033**	8,052,199
Total current liabilities	**53,933,455**	49,559,242
Accumulated operating deficit	**$ (24,795,490)**	$ (27,530,483)
Reconciliation of operating deficit – operating fund only		
Accumulated operating deficit – beginning of year	**$ (27,530,483)**	$ (29,293,310)
Add: Net operating income per schedule II	**2,718,891**	1,763,655
Add: Restricted interest income	**16,102**	(828)
Accumulated operating deficit –end of year	**$ (24,795,490)**	$ (27,530,483)

Western Regional Health Authority
Bay St. George Senior Citizens Home
30 Unit Cottages
Financial Statements
March 31, 2009

TODD R. P. LEE
CHARTERED ACCOUNTANT

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A8A 1C9

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Auditor's report

To the Directors
Western Regional Health Authority

I have audited the balance sheet of Bay St. George Senior Citizens Home – 30 unit cottages, as at March 31, 2009, and the statements of revenues and expenses, cash flows and change in net assets for the year then ended. These financial statements are the responsibility of the Cottages management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Bay St. George Senior Citizens Home – 30 unit cottages as at March 31, 2009 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Todd R. P. Lee
Chartered Accountant

Deer Lake, NL
May 28, 2009

Western Regional Health Authority
Bay St. George Senior Citizens Home
30 Unit Cottages
Statement of Revenue and Expenses
For the Year Ended March 31, 2009

	2009	2008
Revenue		
Rentals	$ 184,365	$ 176,616
CMHC subsidy (Note 5)	59,670	59,930
	244,035	236,546
Expenses		
Administration	3,996	3,996
Allocation to replacement reserve fund (Note 2)	11,545	11,545
Depreciation	79,026	75,090
Heat and light	55,113	52,791
Insurance	1,801	1,847
Inspections	-	1,504
Interest on long term debt	40,099	44,209
Municipal tax	17,062	16,874
Professional fees	1,225	1,390
Repairs and maintenance	13,535	11,912
Salaries – repairs and maintenance	17,768	27,605
	241,170	248,763
Net earnings (loss)	$ 2,865	$ (12,217)

Western Regional Health Authority
Bay St. George Senior Citizens Home
30 Unit Cottages
Balance Sheet
March 31, 2009

	2009	2008
Assets		
Current		
Cash and cash equivalents (Note 1)	$ 37,995	$ 15,850
Receivables	186	6,101
HST receivable	10,565	5,562
Due from Replacement Reserve fund	3,102	2,551
Prepaid expenses	13,218	12,656
	65,066	42,720
Replacement reserve fund (Note 2)	7,212	7,783
Property and equipment (Note 3)	836,293	915,319
	$ 908,571	$ 965,822
Liabilities		
Current		
Payables and accruals	$ 207,796	$ 187,715
Security deposits	2,800	3,400
Current portion of long term debt	82,700	78,900
	293,296	270,015
Long term debt (Note 4)	756,399	839,225
	1,049,695	1,109,240
Net Assets		
Net assets restricted for replacement reserve purposes	7,212	7,783
Contributed Surplus	1,142	1,142
Deficit	(149,478)	(152,343)
	(141,124)	(143,418)
	$ 908,571	$ 965,822

On behalf of the Board

_________________ Member _________________ Member

Western Regional Health Authority
Bay St. George Senior Citizens Home
30 Unit Cottages
Statement of Cash Flows
Year Ended March 31,2009

	2009	2008
Cash and cash equivalents derived from (applied to):		
Operating		
Net Income/(loss)	$ 2,865	$ (12,217)
Depreciation	79,026	75,090
	81,891	62,873
Changes in		
Receivables	361	(8,381)
Prepaid expenses	(562)	-
Payables and accruals	20,081	11,657
Security deposits	(600)	350
	101,171	66,499
Financing		
Reduction of long-term debt	(79,026)	(75,090)
Net (decrease) increase in cash and cash equivalents	22,145	(8,591)
Cash and cash equivalents		
Beginning of year	15,850	24,441
End of year	$ 37,995	$ 15,850
Interest paid	$ 40,402	$ 44,596

Western Regional Health Authority
Bay St. George Senior Citizens Home
30 Unit Cottages
Statement of Changes in Net Assets
For the Year Ended March 31, 2009

	Restricted for replacement reserve purposes	Contributed Surplus	Deficit	2009 Total	2008 Total
Balance, beginning of year	$ 7,783	$ 1,142	$(152,343)	$(143,418)	$(129,575)
Transfer for the year	11,545	-	-	11,545	11,545
Net earnings (loss)	-	-	2,865	2,865	(12,217)
Expense paid during the year	(12,116)	-	-	(12,116)	(14,177)
Interest	-	-	-	-	1,006
Balance, end of year	$ 7,212	$ 1,142	$(149,478)	$(141,124)	$(143,418)

Western Regional Health Authority
Bay St. George Senior Citizens Home
30 Unit Cottages
Notes to Financials
March 31, 2009

1. Summary of significant accounting policies

Cash and cash equivalents
Cash and cash equivalents includes balances with banks and short term deposits. Bank borrowings are considered financing activities.

Depreciation
Depreciation is provided on the buildings, furniture, and equipment purchased from loans insured by the CMHC at a rate equal to the annual principal reduction of the mortgage. No depreciation is charged on other fixed assets. Donated fixed assets are not depreciated.

2. Replacement reserve fund

Under the terms of the agreement with Canada Mortgage and Housing Corporation (CMHC), the Replacement Reserve account is to be credited in the amount of $11,545 annually until it accumulates to $115,450 plus interest. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. Withdrawals are charged to interest first and then principal.

At year-end, the amounts in the reserve consisted of the following:

	2009	2008
Segregated cash	$ 10,314	10,334
Payable to operating	(3,102)	(2,551)
	$ 7,212	$ 7,783

Western Regional Health Authority
Bay St. George Senior Citizens Home
30 Unit Cottages
Notes to Financials
March 31, 2009

3. Property and equipment

	Cost	Accumulated Depreciation	2009 Net Book Value	2008 Net Book Value
Land improvements	$ 91,781	$ -	$ 91,781	$ 91,781
Buildings	1,378,446	666,417	712,029	787,893
Equipment	60,039	27,556	32,483	35,645
	$ 1,530,266	$ 693,973	$ 836,293	$ 915,319

4. Long term debt

	2009	2008
4.63% CMHC loan maturing in 2012, repayable in monthly principal and interest instalments of $9,952, amortized to 2017	$ 839,099	$ 918,125
Less: current portion	82,700	78,900
	$ 756,399	$ 839,225

As security, the home provided a mortgage on land and buildings in Stephenville Crossing.

Principal payments over the next five years are as follows: 2010 - $82,700; 2011 - $86,700; 2012 - $90,800; 2013 - $95,100; 2014 - $99,700.

5. CMHC subsidy

Bay St. George Senior Citizens Home – 30 Unit Cottages has received federal assistance through CMHC pursuant to the National Housing Act. The assistance, paid by NLHC, their agent, is intended to reduce operating expenses enabling the Cottages to provide housing to low-income individuals. The amount of assistance received during the year was $59,670 (2008-$59,930).

6. Related party transaction

i) The financial statements include a payable to the Western Regional Health Authority of $185,541 (2008 - $165,188). Balance represents expenses paid on behalf of the Home.

ii) Administration fees and repairs and maintenance salaries have been paid to Western Regional Health Authority.

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Auditors' Confirmation

Newfoundland and Labrador Housing Corporation

I have audited the balance sheet of Bay St. George Senior Citizens Home – 30 unit cottages as at March 31, 2009 and the statements of revenue and expenses, cash flows and changes in net assets for the year then ended. These financial statements are the responsibility of management. My responsibility is to express an opinion on these financial statements.

In my opinion

The organization has not applied the occupancy charge-to-income ratio. Rentals are based upon a flat monthly charge.

With reference to the Statement of Changes in Net Assets presented in the financial statements for the year ended March 31, 2009, the replacement reserve has been fully funded and maintained. All interest accruing to this fund has been recorded.

Todd R. P. Lee
Chartered Accountant

Deer Lake, NL
May 28, 2009

Western Regional Health Authority
Gateway Cottages Association
Cottage Project
Financial Statements
March 31, 2009

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Auditor's report

To the Directors
Western Regional Health Authority

I have audited the balance sheet of Gateway Cottages Association – Cottages Project, as at March 31, 2009, and the statements of revenues and expenses, cash flows and change in net assets for the year then ended. These financial statements are the responsibility of the Cottage Project's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Cottage Project as at March 31, 2009 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Todd R. P. Lee
Chartered Accountant

Deer Lake, NL
May 28, 2009

Western Regional Health Authority
Gateway Cottages Association
Cottage Project
Statement of Revenue and Expenses
For the Year Ended March 31, 2009

	2009	2008
Revenue		
Rent	$ 120,000	$ 120,200
CMHC subsidy (Note 5)	22,008	23,425
Other	-	85
	142,008	143,710
Expenses		
Allocation to replacement reserve fund	6,876	1,164
Depreciation	50,959	47,610
Heat and light	35,816	34,387
Insurance	1,520	1,550
Interest and bank charges	415	527
Interest on long term debt	25,151	30,757
Municipal tax	10,823	10,823
Professional fees	1,460	1,311
Snowclearing	3,483	2,483
Repairs and maintenance	24,733	18,582
Inspections	689	159
	161,925	149,353
Net loss	$ (19,917)	$ (5,643)

Western Regional Health Authority
Gateway Cottages Association
Cottage Project
Balance Sheet
March 31, 2009

	2009	2008
Assets		
Current		
Prepaid expenses	$ 8,117	$ 8,117
Replacement reserve fund (Note 2)	95,520	95,648
Property and equipment (Note 3)	618,801	669,760
	$ 722,438	$ 773,525
Liabilities		
Current		
Payables and accruals	$ 73,101	$ 52,334
Due to replacement reserve fund	76,343	77,193
Current portion of long term debt	52,100	49,800
	201,544	179,327
Long term debt (Note 4)	567,716	620,975
	769,260	800,302
Net Assets		
Net assets restricted for replacement reserve purposes (Note 2)	95,520	95,648
Deficit	(142,342)	(122,425)
	(46,822)	(26,777)
	$ 722,438	$ 773,525

On behalf of the Board

Member Member

Western Regional Health Authority
Gateway Cottages Association
Cottage Project
Statement of Cash Flows
For the Year Ended March 31, 2009

Cash and cash equivalents derived from (applied to)	2009	2008
Operating		
Net loss	$ (19,917)	$ (5,643)
Depreciation	50,959	47,610
	31,042	41,967
Changes in		
Payables and accrual	20,767	15,273
Due to replacement reserve	(850)	(9,630)
	50,959	47,610
Financing		
Reduction of long term debt	(50,959)	(47,610)
Net increase in cash and cash equivalents	$ -	$ -
Interest paid	$ 26,175	$ 30,942

Western Regional Health Authority
Gateway Cottages Association
Cottage Project
Statement of Changes in Net Assets
For the Year Ended March 31, 2009

	Restricted for replacement reserve purposes	Surplus/ Deficit	2009 Total	2008 Total
Balance, beginning of year	$ 95,648	$ (122,425)	$ (26,777)	$ (14,309)
Net loss	-	(19,917)	(19,917)	(5,643)
Allocation from operations to replacement reserve	6,876	-	6,876	1,164
Expenses paid, during the year	(7,079)	-	(7,079)	(8,117)
Interest	75	-	75	128
Balance, end of year	$ 95,520	$ (142,342)	$ (46,822)	$ (26,777)

Western Regional Health Authority
Gateway Cottages Association
Cottage Project
Notes to the Financial Statements
March 31, 2009

1. Summary of significant accounting policies

Cash and cash equivalents
Cash and cash equivalents includes balances with banks and short term deposits. Bank borrowings are considered financing activities.

Depreciation
Depreciation is provided on buildings, furniture and equipment purchased from loans insured by the CMHC at a rate equal to the annual principal reduction of the mortgage. No depreciation is charged on other fixed assets. Donated fixed assets are not depreciated.

2. Replacement reserve fund

Under the terms of the agreement with Canada Mortgage and Housing Corporation (CMHC), the Replacement Reserve account is to be credited in the amount of $11,352 annually until it accumulates to $95,520 plus interest. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. Withdrawals are charged to interest first and then principal.

At year end, the amounts in the reserve consisted of the following:

Segregated cash and cash equivalents

Short term deposits	$ 5,292	$ 5,217
Non-segregated cash	13,885	13,238
Receivable from operating fund	76,343	77,193
	$ 95,520	$ 95,648

3. Property and equipment

			2009	2008
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Buildings	$ 1,150,074	$ 578,856	$ 571,218	$ 622,177
Equipment	47,583	-	47,583	47,583
	$ 1,197,657	$ 578,856	$ 618,801	$ 669,760

Western Regional Health Authority
Gateway Cottages Association
Cottage Project
Notes to the Financial Statements
March 31, 2009

4. Long term debt

	2009	2008
2.86% CMHC loan due in 2018, repayable in monthly blended instalments of $6,073 until December 1, 2013	$ 619,816	$ 670,775
Less: current portion	(52,100)	(49,800)
	$ 567,716	$ 620,975

As security the Association provided a mortgage on the building, a chattel mortgage on equipment and an assignment of rent and fire insurance.

Principal payments over the next five years are as follows; 2010 – $52,100; 2011 - $54,500; 2012 - $56,900; 2013- $59,500; 2014 - $62,200.

5. CMHC subsidy

Gateway Cottages Association - Cottage Project has received federal assistance through CMHC pursuant to Section 27 of the National Housing Act. The assistance, paid by NLHC, their agent, is intended to reduce operating expenses enabling the Cottages to provide housing to low-income individuals. The amount of assistance received during the year was $22,008 (2008 - $23,425).

6. Related party transactions

The financial statements include accounts payable to the Western Regional Health Authority of $65,741 (2008 - $43,319). Balance represents expenses paid by Western Regional Health Authority on behalf of the Association.

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Auditors' Confirmation

Newfoundland and Labrador Housing Corporation

I have audited the balance sheet of Gateway Cottages Association – Cottage Project as at March 31, 2009 and the statements of revenue and expenses, cash flows and changes in net assets for the year then ended. These financial statements are the responsibility of management. My responsibility is to express an opinion on these financial statements.

In my opinion

The organization has not applied the occupancy charge-to-income ratio. Rentals are based upon a flat rated charge depending if the unit is one or two bedrooms.

With reference to the Statement of Replacement Reserve Fund presented in the financial statements for the year ended March 31, 2009, the replacement reserve has not been fully funded and maintained. All interest accruing to this fund has been recorded.

Todd R. P. Lee
Chartered Accountant

Deer Lake, NL
May 28, 2009

Western Regional Health Authority
Inter-Faith Home for Senior Citizens
Cottages #1 & #2
Financial Statements
March 31, 2009

TODD R. P. LEE
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Auditors' Report

To the Directors
Western Regional Health Authority

I have audited the balance sheet of Inter-Faith Home for Senior Citizens – Cottages # 1 & 2, as at March 31, 2009, and the statements of revenues and expenses, cash flows and change in net assets for the year then ended. These financial statements are the responsibility of the Cottages management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Inter-Faith Home for Senior Citizens – Cottages # 1 & 2 as at March 31, 2009 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Todd R. P. Lee
Chartered Accountant

Deer Lake, NL
June 10, 2009

Western Regional Health Authority
Inter-Faith Home for Senior Citizens
Cottages #1 & #2
Statement of Loss
Year Ended March 31, 2009

	2009	2008
Revenue		
Rentals	$ 514,278	$ 496,502
NLHC subsidy (Note 6)	63,759	70,897
CMHC subsidy (Note 7)	80,995	80,995
Interest	-	1,760
	659,032	650,154
Expenses		
Administration	$ 17,695	17,382
Allocation to replacement reserve fund (Note 2)	18,128	18,128
Bad debt expense (Recovery)	(1,935)	3,064
Depreciation	137,489	130,955
Heat and light	156,829	153,955
Insurance	4,809	4,133
Interest on long term debt	147,078	153,579
Janitorial and garbage removal	1,885	757
Municipal tax	50,146	48,779
Professional fees	1,300	1,471
Repairs and maintenance	154,387	157,705
Snow clearing	11,159	6,957
	698,970	696,865
Net earnings (loss)	$ (39,938)	$ (46,711)

Western Regional Health Authority
Inter- Faith Home for Senior Citizens
Cottages #1 & #2
Balance Sheet
March 31, 2009

	2009	2008
Assets		
Current		
Cash and cash equivalents	$ 144,810	$ 78,053
Receivables (net of allowance)	5,858	11,317
Due from Replacement reserve	60,076	35,532
Prepaid expenses	37,610	37,610
	248,354	162,512
Property and equipment (Note 3)	2,809,180	2,946,670
	$ 3,057,534	$ 3,109,182
Liabilities		
Current		
Payables and accruals	$ 307,985	$ 182,204
Replacement reserve fund	60,076	35,532
Current portion of long term debt	142,507	137,400
	510,568	355,136
Long term debt (Note 4)	2,368,486	2,511,083
Severance pay accrual	24,585	24,585
	2,903,639	2,890,804
Net Assets		
Net assets restricted for replacement reserve purposes (Note 2)	(60,076)	(35,531)
Contributed surplus	278,846	278,846
Surplus (Note 5)	(64,875)	(24,937)
	153,895	218,378
	$ 3,057,534	$ 3,109,182

On behalf of the Board

________________ Member

________________ Member

Western Regional Health Authority
Inter-Faith Home for Senior Citizens
Cottages #1 & #2
Statement of Cash Flows
Year Ended March 31, 2009

	2009	2008
Cash and cash equivalents derived from (applied to)		
Operating		
Net (loss) earnings	$ (39,938)	$ (46,711)
Depreciation	137,489	130,955
	97,551	84,244
Changes in		
Receivables	5,459	4,955
Prepaid expenses	-	(1,367)
Payables and accruals	125,781	139,202
Due to replacement reserve	(24,544)	(41,547)
Severance pay accrual	-	-
	204,247	185,487
Financing		
Reduction of long term debt	(137,490)	(130,955)
Net increase (decrease) in cash and cash equivalents	66,757	54,532
Cash and cash equivalents		
Beginning of year	78,053	23,521
End of year	$ 144,810	$ 78,053
Interest paid	$ 147,078	$ 159,291

Western Regional Health Authority
Inter-Faith Home for Senior Citizens
Cottages #1 & #2
Statement of Changes in Net Assets
Year Ended March 31, 2009

	Restricted for replacement reserve	Contributed Surplus	Surplus	2009 Total	2008 Total
Balance, beginning of year	$ (35,531)	$ 278,846	$ (24,937)	$ 218,378	$ 306,635
Net earnings	-	-	(39,938)	(39,938)	(46,711)
Transfer for the year	18,128	-	-	18,128	18,128
Expenses paid					
During the year	(42,673)	-	-	(42,673)	(59,674)
Balance, end of year	$ (60,076)	$ 278,846	$ (64,875)	$ 153,895	$ 218,378

Western Regional Health Authority
Inter-Faith Home for Senior Citizens
Cottages #1 & #2
Notes to the Financial Statements
March 31, 2009

1. Summary of significant accounting policies

Cash and cash equivalents
Cash and cash equivalents include cash on hand and balances with banks. Bank borrowings are considered financing activities.

Depreciation
Depreciation is provided on the buildings, furniture and equipment purchased from loans insured by the CMHC at a rate equal to the annual principal repayment of the mortgage. No depreciation is charged on other fixed assets. Donated fixed assets are not depreciated.

Severance pay
An accrued liability for severance pay is recorded in the accounts for all employees who have a vested right to receive such payments. Severance pay vests after nine years of continuous service and no provision has been made for employees with less than nine years.

2. Replacement reserve fund

Under the terms of the agreement with Canada Mortgage and Housing Corporation (CMHC), the replacement reserve account is to be credited in the amount of $18,128 annually until the reserve accumulates to $181,280 plus interest. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. Withdrawals are charged to interest first and then principal.

At year end, the funds in the reserve consisted of the following:

	2009	2008
Payable to (from) operating	$ (60,076)	$ (35,531)
	$ (60,076)	$ (35,531)

Western Regional Health Authority
Inter-Faith Home for Senior Citizens
Cottages #1 & #2
Notes to the Financial Statements
March 31, 2009

3. Property and equipment

			2009	2008
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	$ 210,258	$ -	$ 210,258	$ 210,258
Buildings	3,784,620	1,320,752	2,463,868	2,601,358
Equipment	135,054	-	135,054	135,054
	$ 4,129,932	$ 1,320,752	$ 2,809,180	$ 2,946,670

4. Long term debt

	2009	2008
Interfaith #1 10% CMHC loan due 2028, repayable in monthly principal and interest instalments of $8,028	$ 829,171	843,654
Interfaith #2 3.88% CMHC mortgage due 2019, amortized over 25 years, repayable in monthly principal and interest instalments of $7,803	822,881	883,626
Interfaith #2 3.71% CMHC mortgage due 2020, amortized over 25 years, repayable in monthly principal and interest instalments of $7,923	858,941	921,203
	2,510,993	2,648,483
Less: current portion	(142,507)	(137,400)
	$ 2,368,486	$ 2,511,083

As security Cottages #1 & 2 has provided a mortgage on the land and building.

Principal repayments over the next five years are as follows; 2010 - $142,507; 2011 - $150,100, 2012 - $157,000, 2013 - $ 165,000, 2014 - $174,000

5. Surplus

The amount shown as surplus, or a portion thereof, may be subject to repayment to CMHC upon completion of the annual reviews by the corporation.

Western Regional Health Authority
Inter-Faith Home for Senior Citizens
Cottages #1 & #2
Notes to the Financial Statements
March 31, 2009

6. Newfoundland and Labrador Housing Corporation (NLHC) rent subsidy

Cottages #1 provides housing to low income senior citizens who pay 25-30% of their fixed income. If this amount falls short of the rent charged, NLHC provides a subsidy for the difference.

7. CMHC subsidy

Inter-Faith Home for Senior Citizens - Cottages #1 and #2 has received federal assistance through CMHC pursuant to Section 27 of the National Housing Act. The assistance, paid by NLHC, their agent, is intended to reduce operating expenses, enabling the Cottages to provide housing to low-income individuals. The amount of assistance received during the year was $80,995 (2008 - $80,995).

8. Related party transactions

i) The financial statements include accounts payable to the Western Regional Health Authority of $ 281,705 (2008 - $158,829).

ii) Administration fees of $ 17,695 (2008 - $17,280) were paid to the Western Regional Health Authority.

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Auditors' Confirmation
Newfoundland and Labrador Housing Corporation

I have audited the balance sheet of Inter-Faith Home for Senior Citizens – Cottages # 1 & 2 as at March 31, 2009 and the statements of revenue and expenses, cash flows and changes in net assets for the year then ended. These financial statements are the responsibility of management. My responsibility is to express an opinion on these financial statements.

In my opinion for Cottages # 1

The organization has requested and obtained evidence of the income of lessees in designated units as required by the Operating Agreement with Newfoundland and Labrador Housing Corporation.

The organization has applied a rent-to-income scale for the income-test occupants in accordance with the operating agreement.

The organization has adjusted the occupancy charges for income-tested occupants in accordance with the operating agreement.

This has been done for those tenants whose sources of income include sources other than Department of Human Resources and Employment or Human Resources Development Canada (Old Age Security and Canada Pension), and for those households where the household composition has changed.

For tenants whose only source of income is from either Department of Human Resources and Employment or Human Resources Development Canada (Old Age Security and Canada Pension), their last lease renewal locked in their rent for a period of 3 years, unless a tenant receives income form another source during this period.

In my opinion for Cottages # 2

The organization has not applied the occupancy charge-to-income ratio. Rentals are based upon a flat rated charge depending if the unit is one or two bedrooms.

With reference to the Statement of Replacement Reserve Fund presented in the financial statements for the year ended March 31, 2009, the replacement reserve has not been fully funded and maintained, the operating reserve and surplus reserve has been fully funded and maintained. All interest accruing to these funds has been recorded.

Todd R. P. Lee
Chartered Accountant

Deer Lake, NL
June 10, 2009

Western Regional Health Authority
NLHC Seniors Cottages
Financial Statements
March 31, 2009

TODD R. P . LEE
CHARTERED ACCOUNTANT

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Auditor's report

To the Directors
Western Regional Health Authority

I have audited the balance sheet of the combined statements of Gateway Cottages Association, Apartment Project, Interfaith # 3 and Bay St George & Emile Benoit House as at March 31, 2009, and the statements of revenues and expenses, cash flows and change in net assets for the year then ended. These financial statements are the responsibility of the Apartment Projects management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation.

In my opinion, these combined financial statements present fairly, in all material respects, the financial position of the Gateway Cottages, Apartment Project, Interfaith # 3 and Bay St George 8 Unit & Emile Benoit House as at March 31, 2009 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Todd R. P. Lee
Chartered Accountant

Deer Lake, NL
June 10, 2009

Western Regional Health Authority
NLHC Seniors Cottages
Statement of Revenue and Expenses
For the Year Ended March 31, 2009

	Budget	2009	2008
Revenue			
Rentals	$ 239,919	$ 228,106	$ 252,469
NLHC subsidy (Note 2)	237,912	243,542	205,843
Electrical surcharge	13,560	13,318	15,112
Laundry recoveries	8,580	8,459	7,186
Meal program	27,000	25,534	26,866
Interest			1,589
	526,971	518,959	509,065
Expenses			
Administration	18,744	16,795	19,232
Depreciation	109,330	109,330	103,900
Heat and light	87,417	96,233	82,922
Insurance	3,650	3,540	3,591
Interest on long term debt	141,712	139,100	146,708
Janitorial	9,000	18,081	9,000
Meal program cost	15,600	9,000	16,685
Municipal tax	30,884	30,874	28,086
Professional fees	3,800	3,747	4,280
Repairs and maintenance	85,487	100,683	103,750
Snowclearing	13,550	20,210	6,088
	519,174	547,593	524,242
Excess of revenue over expenses (expenses over revenue)	7,797	(28,634)	(15,177)
Transfer (to) from NLHC	(7,797)	28,634	15,177
	$ NIL	$ NIL	$ NIL

Western Regional Health Authority
NLHC Seniors Cottages
Balance Sheet
March 31, 2009

	2009	2008
Assets		
Current		
Cash and cash equivalents (Note 1)	$ 117,368	$ 124,935
Receivables	13,487	6,535
Due from NLHC (Note 2)	28,634	15,177
Due from replacement reserve fund	68,164	10,945
Prepaid expenses	23,548	23,024
	251,201	180,616
Replacement reserve fund (Note 3)	151,461	381,853
Property and equipment (Note 4)	3,051,934	3,161,264
	$ 3,454,596	$ 3,723,733
Liabilities		
Current		
Payables and accruals	$ 243,438	$ 172,875
Deferred grant	7,755	7,755
Current portion of long term debt	114,000	109,100
	365,193	289,730
Long term debt (Note 5)	2,932,564	3,046,772
	3,297,757	3,336,502
Net Assets		
Net assets restricted for replacement reserve purposes	151,461	381,853
Contributed surplus	5,378	5,378
	156,839	387,231
	$ 3,454,596	$ 3,723,733

On behalf of the Board

Member Member

Western Regional Health Authority
NLHC Seniors Cottages
Statement of Cash Flows
For the Year Ended March 31, 2009

	2009	2008
Cash and cash equivalents derived from (applied to):		
Operating		
Depreciation	$ 109,330	$ 103,900
Changes in		
Receivables	(6,956)	(675)
Prepaid expenses	(524)	(2,613)
Due from NLHC	(13,453)	(6,370)
Due from replacement reserve fund	(57,219)	10,928
Payables and accruals	70,563	(62,645)
	101,741	167,201
Financing		
Reduction of long term debt	(109,308)	(103,900)
Net (decrease) increase in cash and cash equivalents	(7,567)	63,301
Cash and cash equivalents		
Beginning of year	124,935	61,634
End of year	$ 117,368	$ 124,935
Interest paid	$ 141,712	$ 147,143

Western Regional Health Authority
NLHC Seniors Cottages
Statement of Changes in Net Assets
For the Year Ended March 31, 2009

			2009	2008
	Restricted for replacement reserve purposes	Contributed surplus	Total	Total
Balance, beginning of year	$ 381,853	$ 5,378	**$ 387,231**	$ 398,176
Expenses paid during the year	(230,392)		**(230,392)**	(10,945)
Balance, end of year	$ 151,461	$ 5,378	**$ 156,839**	$ 387,231

Western Regional Health Authority
NLHC Seniors Cottages
Notes to the Financial Statements
March 31, 2009

1. Summary of significant accounting policies

Cash and cash equivalents
Cash and cash equivalents includes cash on hand and balances with banks. Bank borrowings are considered financing activities.

Depreciation
Depreciation on the buildings is recorded at an amount equal to the annual principal repayment on the mortgages.

2. Due from (to) NLHC

	2009	2008
Balance, beginning of year	$ 15,177	$ 8,807
Subsidy for the year	243,542	205,842
Net loss receivable from NLHC	28,634	15,177
Mortgage payments from NLHC	(251,042)	(251,042)
Advances received from NLHC	(61,814)	(37,678)
Repayments issued to NLHC	54,137	74,071
Due from NLHC, end of year	$ 28,634	$ 15,177

3. Replacement reserve fund

Newfoundland and Labrador Housing Corporation (NLHC) maintains a consolidated replacement reserve fund to maintain and account for replace reserve funds for non-profit housing groups. Prior to 1996, the group was responsible for its own replacement reserve. NLHC provides the organization with an annual statement as of March 31, indicating its reserve balance. The funds in the account may only be used as approved by NLHC. Withdrawals are credited to interest first and then principal. Transactions in the reserve consist of the following:

	2009	2008
Balance, beginning of year	$ 381,853	$ 392,798
Expenses paid during the year	230,392	10,945
Balance, end of year	$ 151,461	$ 381,853
Balance, end of year		
Principal	$ 149,172	$ 351,340
Interest	2,289	30,513
	$ 151,461	$ 381,853

Western Regional Health Authority
NLHC Seniors Cottages
Notes to the Financial Statements
March 31, 2009

4. Property and equipment

	Cost	Accumulated Depreciation	2009 Net Book Value	2008 Net Book Value
Land	$ 124,911	$ -	$ 124,911	$ 124,911
Buildings	3,946,573	1,079,990	2,866,583	2,975,913
Equipment	60,440	-	60,440	60,440
	$ 4,131,924	$ 1,079,990	$ 3,051,934	$ 3,161,264

5. Long term debt

	2009	2008
Gateway Apartments 4.31% NLHC loan due in 2024, payable in monthly blended instalments of $7,361 until March 1, 2012	$ 977,259	$ 1,022,870
Interfaith #3 2.14% NLHC loan maturing in 2014 amortized to 2029, repayable in monthly principal and interest instalments of $3,953 until March 2014.	787,430	807,854
Bay St George Senior 8 Unit 4.31% NLHC mortgage due 2028, repayable in monthly principal and interest instalments of $2,742 until March 2012	418,973	433,677
Bay St George Emile Benoit 4.31% NLHC mortgage due 2027 repayable in monthly principal and interest instalments of $5,502, until March 2012	862,902	891,471
	3,046,564	3,155,872
Less: current portion	114,000	109,100
	$ 2,932,564	$ 3,046,772

As security the home provided a mortgage on the land and buildings.

Principal payments over the next five years are as follows: 2010 – $114,000; 2011 - $119,300; 2012 - $124,800, 2013 - $130,500; 2014 - $136,500.

Western Regional Health Authority
NLHC Seniors Cottages
Notes to the Financial Statements
March 31, 2009

6. Related party transaction

i. The financial statements include accounts payable of $209,865 (2008 - $137,774) to Western Regional Health Authority.

ii the following expenses were paid to Western Regional Health Authority, a related party

	2009	2008
Administration	$ 15,296	$ 15,296
Janitorial	9,000	9,000
Maintenance	6,623	6,623
	$ 30,919	$ 30,919

7. Repairs and maintenance

	2009	2008
Fire Alarm	$ 2,633	$ 5,628
Maintenance supplies	23,872	27,268
Security	547	1,532
Elevator maintenanca	8,655	6,609
Service maintenance	4,800	4,800
Janitorial	-	149
Travel and other	-	198
Salaries	60,176	57,566
	$100,683	$103,750

8. Combined Statements

The combined Financial Statements include Gateway Cottages – Apartment Project, Interfaith # 3 and Bay St George 8 Unit & Emile Benoit House.

Western Regional Health Authority
Gateway Cottages Association
Apartment Project
Statement of Revenue and Expenses
For the Year Ended March 31, 2009

	Budget	2009	2008
Revenue			
Rent	$ 86,005	$ 85,151	$ 89,984
Electricity	5,520	5,520	5,520
Laundry	2,520	2,520	2,520
NLHC subsidy (Note 4)	88,335	83,735	76,936
	182,380	176,926	174,960
Expenses			
Administration	6,500	6,500	6,500
Depreciation	45,611	45,611	43,514
Heat and light	31,000	34,423	29,758
Insurance	1,400	1,300	1,299
Interest and bank charges	280	217	333
Interest on long term debt	42,724	42,568	44,652
Janitorial	9,000	9,000	9,000
Municipal tax	11,629	11,490	11,490
Professional fees	1,200	1,300	1,471
Repairs and maintenance	24,612	23,446	22,615
Snowclearing	1,750	2,865	2,238
	175,806	178,720	172,870
Excess of (expenses over revenue) revenue over expenses	6,574	(1,794)	2,090
Transfer from (to) NLHC (Note 4)	(6,574)	1,794	(2,090)
	$ NIL	$ NIL	$ NIL
Replacement Reserve			
Balance, end of year			
Principal		$ -	$ 199,728
Interest		-	25,599
		$ -	$ 225,327

Western Regional Health Authority
NLHC Seniors Cottages
Schedule of Income & Expenses
Interfaith # 3
March 31, 2009

	Budget	2009	2008
Revenue			
Rentals	$ 59,253	$ 50,307	$ 63,364
NLHC subsidy (Note 4)	52,987	52,987	36,287
Laundry	1,440	1,380	1,420
Electricity	2,880	2,760	2,840
Interest		-	522
	116,560	107,434	104,433
Expenses			
Administration	3,600	3,732	3,627
Depreciation	20,446	20,446	19,176
Heat and light	18,866	18,635	18,146
Insurance	850	830	850
Interest on long term debt	43,341	41,030	44,511
Municipal tax	5,491	5,437	5,258
Professional fees	1,300	1,222	1,428
Repairs and maintenance	10,404	13,577	29,174
Snowclearing	5,300	13,571	3,278
	109,598	118,480	125,448
Excess of revenue over expenses (expenses over revenues)	6,962	(11,046)	(21,015)
Transfer (to) from NLHC (Note 4)	(6,962)	11,046	21,015
	$ NIL	$ NIL	$ NIL

Western Regional Health Authority
NLHC Seniors Cottages
Schedule of Income & Expenses
Bay St George 8 Unit & Emile Benoit House
March 31, 2009

	Budget	2009	2008
Revenue			
Rentals	$ 92,331	$ 92,648	$ 99,121
NLHC subsidy (Note 2)	98,920	106,820	92,620
Electrical surcharge	6,600	6,418	6,752
Laundry recoveries	3,180	3,179	3,246
Meal program	27,000	25,534	26,866
Interest		-	1,067
	228,031	234,599	229,672
Expenses			
Administration	8,364	6,346	8,772
Depreciation	43,273	43,273	41,210
Heat and light	37,551	43,175	35,018
Insurance	1,400	1,410	1,442
Interest on long term debt	55,647	55,502	57,545
Meal program cost	15,600	18,081	16,685
Municipal tax	13,764	13,947	11,338
Professional fees	1,300	1,225	1,381
Repairs and maintenance	50,471	63,660	51,961
Snowclearing	6,500	3,774	572
	233,870	250,393	225,924
Excess of (expenses over revenue) revenue over expenses	(5,839)	(15,794)	3,748
Transfer from (to) NLHC	5,839	15,794	(3,748)
	$ NIL	$ NIL	$ NIL

		2009	2008
Replacement Reserve			
Balance, end of year			
Principal		$ 149,172	$ 149,172
Interest		2,289	9,473
		$ 151,461	$ 158,645

TODD R. P. LEE
CHARTERED ACCOUNTANT

9A Church Street
Deer Lake, NL
A8A 1C9

Tel: 709-635-1152
Fax:709-635-1153

Auditors Confirmation

Newfoundland and Labrador Housing Confirmation

I have audited the balance sheet of the combined statements of Gateway Cottages Association, Apartment Project, Interfaith # 3 and Bay St George & Emile Benoit House as at March 31, 2009 and the statements of revenue and expenses, cash flows and changes in net assets for the year then ended. These financial statements are the responsibility of management. My responsibility is to express an opinion on these financial statements.

In my opinion

The organization has requested and obtained evidence of the income of lessees in designated units as required by the Operating Agreement with Newfoundland and Labrador Housing Corporation.

The organization has applied a rent-to-income scale for the income-test occupants in accordance with the operating agreement.

This organization has adjusted the occupancy charges for income-tested occupants in accordance with the operating agreement.

This has been done for those tenants whose sources of income include sources other than Department of Human Resources and Employment or Human Resources Development Canada (Old Age Security and Canada Pension), and for those households where the household composition has changed.

For tenants whose only source of income is from either Department of Human Resources and Employment or Human Resources Development Canada (Old Age Security and Canada Pension), their last lease renewal locked in their rent for a period of 3 years, unless a tenant receives income from another source during this period.

With reference to the Reserve Fund presented in the audited financial statements for the year ended March 31, 2009, the Replacement Reserve Fund has been fully funded. Interest accruing on these funds has not been recorded.

TODD R. P. LEE
Chartered Accountant

Deer Lake, NL
June 10, 2009

WESTERN SCHOOL DISTRICT

FINANCIAL STATEMENTS/AUDITOR'S REPORT
June 30, 2008

Auditors' Report

To The Members of Western School District

We have audited the balance sheet of the current and capital funds of Western School District as at June 30, 2008, and the related statements of current revenues, expenditures and district equity, and statement of changes in capital fund position for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

As required by Section 66 (2) of the Schools Act, we report that the employees whose duties include collecting, receiving or depositing of money are bonded in amounts considered to be sufficient.

In our opinion, these financial statements present fairly, in all materials respects, the financial position of the District as at June 30, 2008 and the results of its operations and changes in its capital financial position for the year ended, in accordance with Canadian generally accepted accounting principles and as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for School Districts in the Province of Newfoundland and Labrador by the Department of Education.

King & Roberts
Chartered Accountants

Stephenville, NL
City
September 22, 2008
Date

Western School District

BALANCE SHEET

June 30, 2008

Assets

	2008	2007
Current Assets		
Cash (Supp.Info.1)	$ 2,810,764	$ 1,406,075
Short Term Investments (Supp.Info.2)	146,302	87,866
Accounts Receivable (Note 2)	12,825,414	12,468,778
Prepaid Expenses	218,708	237,871
Total Current Assets	16,001,188	14,200,590
Property and Equipment (schedule 8)	34,166,344	158,029,136
	$ 50,167,532	$ 172,229,726

Liabilities and District Equity

	2008	2007
Current Liabilities		
Bank Indebtedness (Note 3)	--	--
Accounts Payable and Accrued (Note 4)	4,124,043	2,859,552
Vacation Pay Accrued	11,701,663	11,261,906
Current Maturities (schedule 9b)	361,121	372,392
Total Current Liabilities	16,186,827	14,493,850
Severance Pay Accrual	20,659,653	20,326,237
Long-Term Debt (schedule 9)	2,040,655	2,401,777
District Equity		
Investment in Capital Assets	31,817,043	155,307,442
Reserve Account	200,987	200,987
District Equity	(20,737,633)	(20,500,567)
Total District Equity	11,280,397	135,007,862
	$50,167,532	$ 172,229,726

Approved: ______ **Chairman**

______ **Secretary**

Western School District

STATEMENT OF CURRENT REVENUES, EXPENDITURES AND DISTRICT EQUITY

For the Year Ended June 30, 2008

	2008	2007
Current Revenue (Schedule 1)		
Provincial Government Grants	$136,319,701	$ 129,131,691
Donations	--	--
Ancillary Services	111,820	122,292
Miscellaneous	211,445	493,656
	136,642,966	129,747,639
Current Expenditures		
Administration (Schedule 2)	3,227,100	2,531,164
Instruction (Schedule 3)	111,462,678	106,957,680
Operations and Maintenance (Schedule 4)	13,778,703	12,827,367
Pupil Transportation (Schedule 5)	8,290,420	7,743,785
Ancillary Services (Schedule 6)	36,590	44,582
Interest Expense (Schedule 9C)	454	8,378
Miscellaneous (Schedule 7)	70,883	83,103
	136,866,828	130,196,059
23 111 Excess of Revenue over Expenditures	(223,862)	(448,420)
Amortization of Capital Assets (Schedule 8)	(2,972,413)	--
Transfer to/from Capital	2,959,209	54,958
Net Increase/Decrease in District Equity	(237,066)	(393,462)
District Equity, Beginning of Year	(20,500,567)	(20,107,105)
District Equity, End of Year	$ (20,737,633)	$ (20,500,567)

Western School District

STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Year Ended June 30, 2008

			2008	2007
60		**Operating Activities**		
	011	Excess of Revenue over Expenditures	$ (3,196,275)	$ (448,420)
	012	Changes in Non-Cash Working Capital		
	013	- Short-Term Investments	(58,436)	2,137
	014	- Accounts Receivable	(356,636)	(210,413)
	015	- Prepaid Expenses	19,163	(51,499)
	014	- Accounts Payable, Accruals & Vacation Payable	1,704,248	599,594
	015	- Current Maturities		--
	016	Other (Specify)		
		- Principal Payments	362,162	330,431
		- Increase (Decrease) in Severance Pay Accrual	333,416	405,079
	017	. Amortization of Capital Assets	2,972,413	--
			1,780,055	626,909
61		**Financing Activities**		
	011	Proceeds from Bank Loans	--	853,966
	012	Grants – Deficit Retirement	--	--
	013	Other Capital Revenues- Buses	357,296	--
	014	Changes in Long-Term Debt	(372,393)	(342,709)
	015	Other (Specify)	--	--
			(15,097)	511,257
62		**Investing Activities**		
	011	Proceeds on Sale of Capital Assets	53,731	74,631
	012	Additions to Property and Equipment	(414,000)	(861,361)
	013	Other (Specify)	--	--
			(360,269)	(629,204)
63		**Increase (Decrease) in Cash**	1,404,689	351,436
64		**Cash, Beginning of The Year**	1,406,075	1,054,639
65		**Cash, End of The Year**	$ 2,810,764	$ 1,406,075

Western School District

STATEMENT OF CHANGES IN CAPITAL FUND

For the Year Ended June 30, 2008

			2008	2007
70		**Capital Receipts**		
71		Proceeds from Bank Loans		
	011	- School Construction	$ --	$ --
	012	- Equipment	--	--
	013	- Service Vehicles	--	--
	014	- Pupil Transportation	--	853,966
	015	- Other (Specify)	--	--
			--	853,966
72		**EIC Grants**		
	011	School Construction and Equipment	--	--
	012	Other – Transportation – Government	--	--
			--	--
73		**Donations**		
	011	- Cash Receipts	--	--
	012	- Non-Cash Receipts	--	--
	013	- Restricted Use	--	--
			--	--
74		**Sale of Capital Assets - Proceeds**		
	011	- Land	--	--
	012	- Buildings	52,541	72,276
	013	- Equipment	540	2,070
	014	- Service Vehicles	--	--
	015	- Pupil Transportation Vehicles	650	285
	016	- Other (Specify)	--	--
		- Accounts Receivable – Capital	--	--
			53,731	74,631
75		**Other Capital Revenues**		
	011	- Interest on Capital Fund Investments	--	--
	012	- Premiums on Debentures	--	--
	013	- Recoveries of Expenditures	--	--
	015	- Insurance Proceeds	--	--
	016	- Native Peoples Grants	--	--
	017	- Miscellaneous – Funds for Debt servicing – Bussing	362,162	330,431
	018	- Provincial grants – Buses	357,296	--
			719,458	330,431
Total Capital Receipts			773,189	1,259,028

Western School District

STATEMENT OF CHANGES IN CAPITAL FUND (Cont'd)

For the Year Ended June 30, 2008

			2008	2007
77		Transfer from Reserve Account	--	--
78		Transfer to/from Current Fund	(2,959,209)	(54,958)
		Add: Amortization of Capital Assets – Non cash items	2,972,414	--
Total			$ 786,394	$ 1,204,070
80		**Capital Disbursements**		
81		**Additions to Property & Equipment**		
	011	- Land and Sites		--
	012	- Building	--	7,395
	013	- Furniture & Equipment – School		--
	014	- Furniture & Equipment – Other		--
	015	- Service Vehicles	56,704	--
	016	- Pupil Transportation	357,296	853,966
	017	- Other (Specify)		--
			414,000	861,361
82		**Principal Repayment of Long-Term Debt**		
	011	- School construction		--
	012	- Equipment		–
	013	- Service Vehicles	10,232	12,278
	014	- Other (Specify)		--
		- Office		--
		- Pupil transportation	362,162	330,431
			372,394	342,709
83		**Miscellaneous Disbursements**		
	013	- Other (Specify)	--	--
		- Accounts payable	--	--
			--	--
		Total Capital Disbursements	$ 786,394	$ 1,204,070

Western School District

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2008

Nature of Operation

The Western School District is responsible for maintenance and operation of all schools in the Western, Southern and Northern portion of the Province of Newfoundland and Labrador. It also includes schools in the Southern portion of Labrador.

1. Significant Accounting Policies

(a) Fund Accounting

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Boards. Fund accounting can be defined as "accounting procedures in which a self balancing group of accounts is provided for each fund." It is customary for School Boards to account separately for the current and capital funds. These financial statements include both the current and capital funds on a combined basis.

(b) Revenue

The District's main source of funding is derived from the Government of Newfoundland and Labrador, Department of Education. The Department provides funding for operations, transportation, capital expenditures and teacher salaries and severance pay. Funding designated for specific purposes is deferred and included in revenue when the related expenditures have been incurred.

(c) Capital Assets

Capital assets are recorded at cost derived from the combining of the predecessor school boards. Amortization of capital assets is recorded by use of the straight-line method over the estimated useful life of the assets using the following rates:

Building	40 Years
Furniture and Equipment	10 Years
Service Vehicle	5 Years
Buses	12 Years

(d) Use of Accounting Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting periods. Actual results could differ from those estimates.

Western School District

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2008

2. Accounts Receivable

		2008	2007
	Current		
11 131	Provincial Government	$ 12,359,933	$ 11,955,526
132	Transportation	56,186	8,532
133	Federal Government	--	--
134	Projects	77,425	106,554
135	HST Receivable	223,192	212,591
136	Bus Rentals	28,468	33,981
137	Water Program-Provincial	--	--
138	Interest	--	--
139	Travel Advances and Miscellaneous	80,210	151,594
	Capital		
11 231	EIC – Construction Grants	--	--
233	Local Contributions	--	--
234	Other School Districts	--	--
235	Other (Specify) – City of Corner Brook	--	--
		$ 12,825,414	$ 12,468,778

3. Bank Indebtedness

		2008	2007
21 131	On Operating Credit	$ --	$ --
132	On Capital Account	--	--
		$ --	$ --

Western School District

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2008

4.	Accounts Payable and Accrued	2008	2007
	Current		
21 109	Scholarship	$ 140,769	$ 82,693
110	Accounts payable-Trade	1,072,452	516,512
111	Accrued Liabilities	609,165	630,976
112	Wages Payable	405,732	453,611
113	- Deferred Grants	1,859,306	1,340,482
114	- Wages	--	--
115	Payroll Deductions	36,619	(57,637)
118	Other	--	(109,265)
119	Payroll Tax	--	2,180
	Capital		
21 211	Trade Payable		
212	Accrued – Liabilities	--	--
213	- Interest	--	--
217	Deferred Grants	--	--
218	Other (Specify)	--	--
		$ 4,124,043	$ 2,859,552

Western School District

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2008

5. **Reserve Account**

Description:

	2008	2007
Balance, Beginning of Year	$ 200,987	$ 200,987
Less Transfer from Reserve	--	--
Add Transfer to Reserve	--	--
Balance, End of Year	$ 200,987	$ 200,987

Western School District

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2008

		2008	2007
6.	Investment in Capital Assets, Beginning of Year	$ 155,307,442	$ 157,104,682
	Add:		
	Transfer To(From) Capital Fund	(2,959,209)	(54,958)
	Grants - EIC - Contribution for Capital Const.		--
	- Provincial grants-debt retirement.		--
	Capital projects funded by EIC but paid Directly to other sources on behalf of District.		
	Donations (Specify)		
	Proceeds from Sale of Capital Assets		
	- Land		--
	- Building	52,541	72,276
	- Equipment	540	2,070
	- Vehicle	650	285
	- Other	--	--
	Interest on Capital Fund Investments		
	Recoveries of Expenditures – Prior		--
	Provincial Grant – Busses	357,296	--
	Insurance Proceeds – Capital		--
	Native Peoples Grants – Capital		--
	Excess of Revenue over Expenditures		
	- Capital Fund		
	Principal - Bussing loan	362,162	330,431
	- Other		--
	Accumulated amortization on building sold	405,919	--
	Capital asset valuation adjustment	(121,304,379)	--
		32,222,962	157,454,786
	Deduct Adjustments:		
	Cost of assets sold		
	- Land	--	--
	- Building	405,919	2,147,344
	- Equipment	--	--
	- Vehicles	--	--
	- Other	--	--
		405,919	2,147,344
	Other	--	--
23 221	Investment in Capital Assets, End of Year	$ 31,817,043	$ 155,307,442

Western School District

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2008

7. Commitments

At balance sheet date the District had the following commitments:

8. Contingency

As of statement date, the following material contingencies are pending:

(a) A former vendor of a predecessor School Board has a claim of approximately $30,000 plus HST. The amount has not been recorded in the accounts. The likelihood of loss to the District cannot be determined.

(b) A former Director of a predecessor School Board is claiming approximately $31,000 in unpaid salary. The issue is currently under discussion by both parties. The amount has not been recorded in the accounts. The likelihood of loss to the District cannot be determined.

(c) The District has a potential liability for site restoration and remediation costs associated with a school property sold to a purchaser in 2004. The property had an oil leak from its underground storage tank prior to the sale of this property. As of audit report date no claim has been filed in court therefore the likelihood of loss or an estimate of this loss cannot be determined.

9. District Equity (Deficit)

The School District has an accumulated operating deficit of $ 20,737,633. A material amount of this operating deficit is contributed by a recorded teacher's severance pay accrual and non-teacher's severance pay accrual of $ 18,342,298 and $ 2,317,355 respectively, as required by the Provincial Government.

Accumulated operating deficit per Financial statement	$ 20,737,633
Less: teacher's severance pay accrual	(18,342,298)
: non-teacher's severance pay accrual	(2,317,355)
Accumulated operating deficit less Severance pay accrued	$ 77,980

10. Change in Accounting Policy

Capital Assets

During the year the district adopted the policy of amortizing its tangible capital assets. Prior to the current year the district did not amortized its tangible capital assets. Beginning with the year starting July 1, 2007 the district will amortize its tangible capital assets using the straight-line method over the estimated useful lives of those assets. As a result of this new policy the opening accumulated amortization has been recorded to reflect the period of useful that has expired on those assets.

The July 1, 2007 opening accumulated amortization and the resulting offsetting decrease in the investment in capital assets amounting to $ 121,304,379 has been recorded in the accounts.

11. Bond Coverage

As at June 30, 2008, the Insurance Division of the Department of Finance has provided $100,000 fidelity bond coverage for all District employees.

Schedule 1

Western School District
CURRENT REVENUES
For the Year Ended June 30, 2008

		2008	2007
32 010	**Provincial Government Grants**		
011	Regular	$ 20,497,343	$ 19,299,882
016	Special Grants (Details on bottom of Schedule 1)	3,714,535	2,655,958
	Salaries and Benefits		
017	- Directors and Asst. Directors	939,238	690,050
021	- Regular Teachers	98,125,279	94,450,161
022	- Substitute Teachers	2,959,794	2,800,916
023	- Student Assistants	2,062,264	1,875,755
030	Pupil Transportation		
031	- Board Owned	2,963,400	2,719,900
032	- Contracted	4,367,149	4,018,483
033	- Handicapped	690,699	620,587
		$ 136,319,701	$ 129,131,691
33 010	**Donations**		
012	Cash Receipts	--	--
011	Heritage Fair	--	--
013	Non-Cash Receipts	--	--
014	Restricted Use	--	--
		--	--

Western School District

CURRENT REVENUES

For the Year Ended June 30, 2008

		2008	2007
34 010	**Ancillary Services**		
011	Revenues from Rental of Residences	$ 22,821	$ 23,315
021	Revenues from Rental of Schools and Facilities (Net)	62,697	64,716
031	Cafeterias	26,302	34,261
032	Other – (Specify)	--	--
		111,820	122,292
35 010	**Miscellaneous**		
011	Interest on Investments	149,881	107,469
012	Bus Charters	47,289	52,594
021	Recoveries of Expenditures	10,978	111,149
031	Revenues from Other Agencies	--	--
041	Federal Rebates	--	--
051	Insurance Proceeds	1,728	709
061	Bilingual Education Revenue	--	--
071	Operating Rev. from Native Peoples Grant	--	--
081	Miscellaneous Federal Grants	--	--
091	Textbooks	42	204,417
092	Sundry	1,527	17,318
094	Scholarship Funds	--	--
		211,445	493,656
	Total Current Revenues	$ 136,642,965	$ 129,563,410
Special Grants			
	Fuel Adjustment	$ 89,226	$ 32,338
	Learning Disabilities	--	--
	Debt Servicing	--	--
	Student Assistant Salaries	--	--
	Textbook Credit Allocation	--	--
	Pay Equity	--	--
	Administration – Textbook	--	--
	Payroll Tax	--	--
	Utilities	--	--
	Maintenance	--	--
	French Monitor	16,507	45,128
	French Immersion	52,970	67,360
	Peer Tutoring	--	--
	Bottle Water	--	--
	Administrative Pay adjustment	--	--
	Computers	--	--

Schedule 1 (Cont'd)

Western School District
CURRENT REVENUES
For the Year Ended June 30, 2008

	2008	2007
Special Grants (Cont'd)		
Surplus – Substitutes	$ --	$ --
Kinder – Start	--	--
Tutoring Work Experience	--	--
Other (Specify)		
-Miscellaneous grants	1,826,718	1,146,267
- Redundancy grant	--	--
- Maintenance reclassification	--	--
- Drama Festival	--	--
- Furniture	--	--
- Other Projects	1,285,281	989,387
- IGA Projects	29,110	52,212
- HRDC Grants	414,723	323,266
- School Board Elections	--	--
	$ 3,714,535	$ 2,655,958

Schedule 2

Western School District
ADMINISTRATION EXPENDITURES
For the Year Ended June 30, 2008

			2008	2007
51		**Salaries and Benefits**		
	011	- Directors and Asst. Directors	$ 939,239	$ 690,050
	012	- District Office Personnel	1,085,002	942,506
	013	Office Supplies	52,522	52,577
	014	Replacement Furniture and Equipment	35,031	12,400
	015	Postage	59,673	59,920
	016	Telephone	121,725	104,759
	017	Office Equipment Rentals and Repairs	62,294	51,597
	018	Bank Charges	2,589	2,811
	019	Electricity	13,477	13,465
	021	Fuel	37,761	29,136
	022	Insurance	5,841	11,187
	023	Repairs and Maintenance (Office Building)	49,281	12,824
	024	Travel	205,236	156,398
	025	Board Meeting Expenses	13,780	15,715
	026	Election Expenses	--	--
	027	Professional Fees	90,461	86,836
	028	Advertising	200,704	144,678
	029	Membership Dues	51,319	50,184
	031	Municipal Service Fees	16,565	14,741
	032	Rental of Office Space	156,246	73,050
	033	Janitor Salaries/Supplies	6,812	4,308
	034	Miscellaneous	6,077	2,022
	035	Relocation Expenses	15,465	--
	036	Redundancy	--	--
	037	Capital Plan-Department	--	--
		Total Administration Expenditures	$ 3,227,100	$ 2,531,164

Schedule 3

Western School District
INSTRUCTION EXPENDITURES
For the Year Ended June 30, 2008

		2008	2007
52 010	**Instructional Salaries (Gross)**		
011	Teachers' Salaries – Regular	$ 98,375,891	$ 94,727,232
012	- Substitute	2,965,558	2,848,614
013	- District Paid	75,682	90,089
014	Student Assistants	2,036,164	1,893,611
015	Employee Benefits	--	--
016	School Secretaries – Secretaries & Benefits	2,233,917	2,230,852
017	Employee Benefits	--	--
018	Other – French Monitor	--	--
		105,687,212	101,790,398
52 040	**Instructional Materials**		
041	General Supplies	516,998	346,657
042	Library Resource Materials	96,001	46,447
043	Teaching Aids	950,314	636,983
044	Textbooks	--	225,043
045	School Fees Allocation	652,755	707,161
		2,216,068	1,962,291
52 060	**Instructional Furniture and Equipment**		
061	Replacement	279,469	431,741
062	Rentals and Repair	2,440	--
063	Copier Cost	240,347	390,548
064	Replacement – Computer Equipment	585,000	268,155
065	Computer Repairs	41,822	137,597
		1,149,078	1,228,041
52 080	**Instructional Staff Travel**		
081	Program Co-ordinators	272,575	288,524
082	Teachers' Travel – within District	272,213	257,214
083	Teacher Travel – Out of District	81,791	26,357
084	Student Travel	39,928	23,895
		666,507	595,990
52 090	**Other Instructional Costs**		
091	Postage and Stationery	--	--
092	Miscellaneous	10,228	14,459
097	Other District Projects	1,283,783	987,187
098	IGA Projects	28,873	52,212
099	HRDC Projects	420,929	327,102
		1,743,813	1,380,960
	Total Instruction Expenditures	$ 111,462,678	$ 106,957,680

Schedule 4

Western School District

OPERATIONS AND MAINTENANCE EXPENDITURES - SCHOOLS

For the Year Ended June 30, 2008

		2008	2007
53 011	Salaries & Benefits - Janitorial	$ 4,605,473	$ 4,454,319
012	- Maintenance	1,237,095	1,170,024
013	- IT Support	534,235	436,488
014	Electricity	2,786,778	2,916,681
015	Fuel	1,308,432	961,894
016	Municipal Service Fee	259,950	265,560
017	Telephone	435,183	420,961
018	Vehicle Operating and Travel	243,275	236,891
019	Janitorial Supplies	293,574	330,171
021	Janitorial Equipment	25,348	62,257
022	Repairs and Maintenance - Buildings	1,358,309	998,426
023	- Equipment	30,563	14,490
024	Protective Clothing	11,308	15,786
025	Snow Clearing	649,180	543,419
026	Rentals	--	--
027	Other (Specify) - Repairs Covered By Insurance	--	--
	Total Operations and Maintenance	$ 13,778,703	$ 12,827,367

Schedule 5

Western School District
PUPIL TRANSPORTATION EXPENDITURE
For the Year Ended June 30, 2008

		2008	2007
54 010	Operation and Maintenance of Board Owned Fleet		
011	Salaries - Administration	$ 135,282	$ 128,745
012	- Drivers and Mechanics	1,651,629	1,652,015
013	Payroll Tax and Benefits	--	--
014	Debt Repayment - Interest	148,922	157,858
015	- Principal	357,548	330,431
016	Bank Charges	--	--
017	Gas and Oil	428,935	367,600
018	Licenses	36,070	36,951
019	Insurance	56,768	45,816
021	Repairs and Maintenance - Fleet	184,136	177,597
022	- Building	19,728	9,881
023	Tires and Tubes	28,420	28,997
024	Heat and Light	37,757	26,437
025	Municipal Service	5,217	5,077
026	Snow Clearing	18,669	14,508
027	Office Supplies	4,645	5,209
028	Rent	--	--
029	Travel	8,870	2,148
030	Protective Clothing	7,644	3,517
031	Professional Fees	--	7,245
032	Miscellaneous	17,397	10,039
033	Telephone	20,234	14,802
034	Vehicle Leases	--	--
035	Cleaning – Bus Depot	4,182	3,541
		3,172,053	3,028,414
54 040	**Contracted Services**		
041	Regular Transportation	4,339,649	3,885,247
042	Handicapped	690,699	620,587
043	Miscellaneous	1,477	178,357
044	Fuel Adjustment Program	86,542	31,180
		5,118,367	4,715,371
	Pupil Transportation Expenditures	$ 8,290,420	$ 7,743,785

Schedule 6

Western School District
PUPIL TRANSPORTATION EXPENDITURE
For the Year Ended June 30, 2008

Ancillary Services

This District owns and operates the following ancillary services:

		2008	2007
55	**Ancillary Services**		
011	Operation of Teachers' Residences	$ 10,001	$ 10,228
031	Cafeterias	26,589	34,354
032	Other (Specify)	--	--
		$ 36,590	$ 44,582

Schedule 7

Miscellaneous Expenses (Specify)

The District has incurred the following miscellaneous expenses:

	2008	2007
57 011 Miscellaneous Expenses		
- Human Resources Expenses	$ 65,883	$ 46,013
- Other	5,000	37,090
	$ 70,883	$ 83,103

Schedule 6

Western School District
PUPIL TRANSPORTATION EXPENDITURE
For the Year Ended June 30, 2008

Ancillary Services

This District owns and operates the following ancillary services:

		2008	2007
55	**Ancillary Services**		
011	Operation of Teachers' Residences	$ 10,001	$ 10,228
031	Cafeterias	26,589	34,354
032	Other (Specify)	--	--
		$ 36,590	$ 44,582

Schedule 7

Miscellaneous Expenses (Specify)

The District has incurred the following miscellaneous expenses:

		2008	2007
57 011	Miscellaneous Expenses		
	- Human Resources Expenses	$ 65,883	$ 46,013
	- Other	5,000	37,090
		$ 70,883	$ 83,103

Schedule 8

Western School District
Details of Property and Equipment
For The Year Ended June 30, 2008

		Cost 30-Jun-07	Additions	Adjustment and Disposals	Cost 30-Jun-08	Accumulated Amortization 30-Jun-07	Amortization	Adjustment	Accumulated Amortization 30-Jun-08	Net Book Value
12211	Land and Sites	$1,977,719	--	--	$1,977,719	--	--	--	--	$1,977,719
	Buildings									
12221	Schools	$134,604,987	--	($405,919)	$134,199,068	$103,502,022	$2,496,407	($405,919)	$105,592,510	$28,606,558
12222	Administration	3,046,649	--	(512,370)	2,534,279	1,793,361	63,357	--	1,856,718	677,561
12223	Residential	168,021	--	--	168,021	147,018	4,201	--	151,219	16,802
		$137,819,657	--	($918,289)	$136,901,368	$105,442,401	$2,563,965	($405,919)	$107,600,447	$29,300,921
	Furniture and Equipment									
12231	Schools	$11,528,316	--	--	$11,528,316	$11,528,316	--	--	$11,528,316	--
12232	Administration	970,429	--	--	970,429	970,429	--	--	970,429	--
12233	Residential	1,534	--	--	1,534	1,534	--	--	1,534	--
12234	Recreation	87,005	--	--	87,005	87,005	--	--	87,005	--
12235	Other	5,450	--	--	5,450	5,450	--	--	5,450	--
		$12,592,734	--	--	$12,592,734	$12,592,734	--	--	$12,592,734	--
12241	Service Vehicles	$213,136	$56,704	--	$269,840	$153,864	$35,410	--	$189,274	$80,566
	Public Transportation									
12253	Buses	$5,425,890	$357,296	($949,431)	$4,833,755	$1,653,579	$373,038	--	$2,026,617	$2,807,138
	Total	$158,029,136	$414,000	($1,867,720)	$156,575,416	$119,842,578	$2,972,413	($405,919)	$122,409,072	$34,166,344

Schedule 9

Western School District
DETAILS OF LONG-TERM DEBT
For the Year Ended June 30, 2008

Bank loans, mortgage and debentures,
approved by the District and the Government
of Newfoundland and Labrador

		2008	2007
22 210	Loans Other than Pupil Transportation		
Ref. #			
211	**Bank Loans**		
Prime	Repayable $ 1,023 monthly, maturing 2008	$ --	$ 10,232
____	Repayable $____ monthly, maturing ____	--	--
____	Repayable $____ monthly, maturing ____	--	--
____	Repayable $____ monthly, maturing ____	--	--
____	Repayable $____ monthly, maturing ____	--	--
____	Repayable $____ monthly, maturing ____	--	--
	Total 211	--	10,232
212	**Mortgages**		
____	Repayable $____ monthly, maturing ____	--	--
____	Repayable $____ monthly, maturing ____	--	--
____	Repayable $____ monthly, maturing ____	--	--
____	Repayable $____ monthly, maturing ____	--	--
____	Repayable $____ monthly, maturing ____	--	--
____	Repayable $____ monthly, maturing ____	--	--
	Total 212	--	--
213	**Debentures**		
____	Repayable $____ monthly, maturing ____	--	--
____	Repayable $____ monthly, maturing ____	--	--
	Total 213	--	--
214	Other (Please Specify)	--	--
	Subtotal	--	10,232
215	Less Current Maturities	--	10,232
	Total Loans Other Than Pupil Transportation	$ --	$ --

Western School District

DETAILS OF LONG-TERM DEBT

For the Year Ended June 30, 2008

22 220	Loans – Pupil Transportation		
	Ref. #	**2008**	**2007**
221	**Vehicle Bank Loans**		
	Prime Repayable $ 516 monthly, maturing 2011	$ 18,583	$ 25,293
	Prime Repayable $ 523 monthly, maturing 2011	19,868	26,665
	Prime Repayable $ 521 monthly, maturing 2011	25,013	31,266
	Prime Repayable $ 523 monthly, maturing 2012	30,860	37,137
	Prime Repayable $ 542 monthly, maturing 2017	53,115	59,619
	Prime Repayable $ 548 monthly, maturing 2014	39,425	45,996
	Prime Repayable $ 960 monthly, maturing 2011	26,356	37,876
	Prime Repayable $ 2,456 monthly, maturing 2012	103,152	132,625
	Prime Repayable $ 4,954 monthly, maturing 2012	237,784	297,230
	Prime Repayable $ 3,662 monthly, maturing 2013	219,696	263,635
	Prime Repayable $ 1,095 monthly, maturing 2015	79,947	93,089
	Prime Repayable $ 1,117 monthly, maturing 2016	98,315	111,722
	Prime Repayable $ 1,675 monthly, maturing 2016	147,358	167,452
	Prime Repayable $ 542 monthly, maturing 2017	53,657	60,161
	Prime Repayable $ 4,530 monthly, maturing 2018	507,357	561,717
	Prime Repayable $ 5,930 monthly, maturing 2019	741,290	812,454
	Total 221	$ 2,401,776	$2,763,937
222	**Land, Building and Equipment Bank Loans**		
	____ Repayable $____ monthly, maturing ____	--	--
	____ Repayable $____ monthly, maturing ____	--	--
	____ Repayable $____ monthly, maturing ____	--	--
	____ Repayable $____ monthly, maturing ____	--	--
	____ Repayable $____ monthly, maturing ____	--	--
		--	--
	Total 222	2,401,776	2,763,937
	Subtotal	2,401,776	2,763,937
223	Less Current Maturities	361,121	362,160
	Total Loans – Pupil Transportation	2,040,655	2,401,777
	Total Long Term Debt	$ 2,040,655	$2,401,777

Schedule 9A

Western School District

SUMMARY OF LONG-TERM DEBT

For the Year Ended June 30, 2008

Description	Ref. #	Rate	Balance Beginning Of Year	Loans Obtained During Year	Principal Repayment For Year	Balance End of Year
A) School Construction			$ --	$ --	$ --	$ --
B) Equipment			--	--	--	--
C) Service Vehicle		Prime	10,232	--	10,232	--
D) Other – Office			--	--	--	--
E) Pupil Transportation		Prime	2,763,938	--	362,162	2,401,776
Total Loans			$ 2,774,170	$ --	$ 372,394	$2,401,776

Schedule 9B

Western School District
DETAILS OF CURRENT MATURITIES
For the Year Ended June 30, 2008

Description	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
A) School Construction	$ --	$ --	$ --	$ --	$ --
B) Equipment	--	--	--	--	--
C) Service Vehicles	--	--	--	--	--
D) Other – Office	--	--	--	--	--
E) Pupil Transportation	361,121	361,121	352,918	323,445	241,438
Total	$ 361,121	$ 361,121	$ 352,918	$ 323,445	$ 241,438

Schedule 9C

Western School District

56 010

SCHEDULE OF INTEREST EXPENSE

For the Year Ended June 30, 2008

	Description	2008	2007
012	**Capital**		
	School Construction	$ --	$ --
	Equipment	--	--
	Service Vehicles	287	1,025
	Other – Office	--	2,993
	Total Capital	287	4,018
013	**Current** - Operating Loans	--	--
014	- Supplier Interest Charges	167	4,360
	Total Current	167	4,360
	Total Interest Expense	$ 454	$ 8,378

Western School District
SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2008

			2008	2007
1.		**Cash**		
		Current		
11	110	Cash on Hand and in Bank		
	111	Cash on Hand	$ 734	$ 634
	112	Bank - Current	2,810,030	1,405,441
	113	- Savings	--	--
	115	- Non-Teachers; Payroll	--	--
	116	- Coupon (Debenture)	--	--
	117	- Other (Specify)	--	--
		Capital		
11	210	Cash on Hand and in Bank	--	--
	211	Cash on Hand	--	--
	212	Bank - Current	--	--
	213	- Savings	--	--
	214	- Other (Specify)	--	--
		Total Cash on Hand & in Bank	$ 2,810,764	$ 1,406,075
2.		**Short Term Investments**		
11	121	Term Deposits – Scholarships	$ 140,769	$ 82,693
	122	Term Deposits – Other	5,533	5,173
	123	Other (Specify)	--	--
		Capital		
11	221	Term Deposits	--	--
	222	Canada Savings Bonds	--	--
	223	Other (Specify)	--	--
		Total Short Term Investments	$ 146,302	$ 87,866

WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION

AUDITOR'S REPORT

FINANCIAL STATEMENTS – DECEMBER 31, 2006

management responsibility for financial reporting

The financial statements of the Workplace Health, Safety and Compensation Commission were prepared by management who are responsible for the integrity and fairness of the data presented, including significant accounting judgements and estimates. This responsibility includes selecting appropriate accounting principles consistent with generally accepted accounting principles in Canada. Financial information contained elsewhere in this Annual Report is consistent with these financial statements.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains the necessary internal controls designed to provide reasonable assurance that relevant and reliable financial information is produced and that assets are properly safeguarded. The Internal Auditor performs audits designed to test the adequacy and consistency of the Commission's internal controls, practices and procedures.

The Board of Directors has reviewed the financial statements and other financial information included in this Annual Report.

The Board of Directors is assisted in its responsibilities by its Finance and Audit Committee. This committee reviews and recommends approval of the financial statements and Annual Report, meets periodically with management, the Internal Auditor, external auditors and actuaries, concerning internal controls and all other matters relating to financial reporting, and recommends the appointment of external auditors and actuaries.

The firm of Morneau Sobeco has been appointed as independent consulting actuary to the Commission. Its role is to complete an independent actuarial valuation of the benefit liabilities of the Commission on a periodic basis not to exceed two years and to report thereon in accordance with generally accepted actuarial principles. Such a valuation was performed as at December 31, 2006.

Grant Thornton, LLP, the external auditors of the Commission, have performed an independent audit of the financial statements of the Commission in accordance with Canadian generally accepted auditing standards. The Auditors' Report outlines the scope of this independent audit and the opinion expressed.

Joe O'Neill
Chief Executive Officer (Acting)

Paul Kavanagh

Paul Kavanagh
Chief Financial & Information Officer

actuarial statement of opinion

With respect to the *Workplace Health, Safety and Compensation Act* of Newfoundland and Labrador, I state that in my opinion:

1. The total benefit liabilities as at December 31, 2006 for benefit payments of all types expected to be made after December 31, 2006 (including capitalized awards, future administration expenses, and the effect of future indexing) in respect of accidents of 2006 and prior years amount to $761,494,929 for assessed employers. Self-insured employers, and future claims arising from latent occupational diseases were not included in this valuation.
2. The data on which the valuation is based were provided by the Commission in accordance with detailed specifications provided by us. We applied such checks of reasonableness of the data as we considered appropriate, and have concluded that the data are sufficient and reliable to permit a realistic valuation of the liabilities of the Commission as described above.
3. The actuarial assumptions adopted in computing the foregoing liabilities are adequate and appropriate, and the methods employed are in accordance with accepted actuarial practice. The economic assumptions adopted for purposes of computing the above-noted liabilities are consistent with the funding and long-term investment policies of the Commission. The discount rates used are disclosed in note 11 to the financial statements.
4. The valuation report has been prepared and my opinion has been given in accordance with accepted actuarial practice.

Details of the data, actuarial assumptions and valuation methods are set out in the actuarial valuation report as at December 31, 2006, of which this certificate forms part.

Conrad Ferguson, F.S.A., F.C.I.A.
Partner, Morneau Sobeco
May 7, 2007

actuarial statement of opinion

With respect to the *Workplace Health, Safety and Compensation Act* of Newfoundland and Labrador, I state that in my opinion:

1. The total benefit liabilities as at December 31, 2006 for benefit payments of all types expected to be made after December 31, 2006 (including capitalized awards, future administration expenses, and the effect of future indexing) in respect of accidents of 2006 and prior years amount to $761,494,929 for assessed employers. Self-insured employers, and future claims arising from latent occupational diseases were not included in this valuation.

2. The data on which the valuation is based were provided by the Commission in accordance with detailed specifications provided by us. We applied such checks of reasonableness of the data as we considered appropriate, and have concluded that the data are sufficient and reliable to permit a realistic valuation of the liabilities of the Commission as described above.

3. The actuarial assumptions adopted in computing the foregoing liabilities are adequate and appropriate, and the methods employed are in accordance with accepted actuarial practice. The economic assumptions adopted for purposes of computing the above-noted liabilities are consistent with the funding and long-term investment policies of the Commission. The discount rates used are disclosed in note 11 to the financial statements.

4. The valuation report has been prepared and my opinion has been given in accordance with accepted actuarial practice.

Details of the data, actuarial assumptions and valuation methods are set out in the actuarial valuation report as at December 31, 2006, of which this certificate forms part.

Conrad Ferguson, F.S.A., F.C.I.A.
Partner, Morneau Sobeco
May 7, 2007

auditors' report

To the Board of Directors of the
Workplace Health, Safety and Compensation
Commission of Newfoundland and Labrador

We have audited the statement of financial position of the Workplace Health, Safety and Compensation Commission of Newfoundland and Labrador as at December 31, 2006 and the statements of operations, changes in fund balance, comprehensive income and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2006, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

St. John's, Newfoundland
March 12, 2007, except as to Note 10
which is as of May 9, 2007

Grant Thornton LLP
Grant Thornton, LLP
Chartered Accountants

statement of financial position

(dollars in thousands)	**2006**	2005
Assets		
Cash and cash equivalents (Note 3)	**$ -**	$ 9,119
Receivables (Note 4)	**12,435**	13,649
Investments (Note 5)	**752,556**	653,199
Capital assets (Note 7)	**11,905**	10,267
	$ 776,896	$ 686,234
Liabilities		
Bank overdraft (Note 3)	**$ 1,260**	$ -
Bank indebtedness (Note 8)	**4,947**	-
Payables and accruals (Note 9)	**17,526**	10,674
Benefit liabilities (Note 10)	**761,495**	729,185
Total liabilities	**785,228**	739,859
Fund Deficiency	**(8,332)**	(53,625)
	$ 776,896	$ 686,234

Commitments (Note 21)

Contingencies (Note 22)

On behalf of the Commission

Ralph Tucker
Chairperson

Darren Roberts
Director

statement of operations

(dollars in thousands)	**2006**	2005
Revenue		
Assessments	**$ 124,763**	$ 158,217
Investment income (Note 5)	**60,104**	37,091
	184,867	195,308
Expenses		
Claims costs incurred (Note 10)		
Short-term disability	**28,055**	29,360
Long-term disability	**58,286**	54,990
Survivor benefits	**7,327**	6,013
Health care	**38,625**	37,917
Rehabilitation	**1,330**	1,489
Future administration costs	**3,398**	3,234
	137,021	133,003
Administration (Note 14)	**22,356**	21,016
Legislated obligations (Note 15)	**6,347**	6,505
Amortization	**1,882**	2,047
Other (Note 16)	**633**	1,225
	168,239	163,796
Surplus from operations	**16,628**	31,512
Actuarial adjustments (Note 10)	**(8,771)**	(10,609)
Surplus for the year	**$ 7,857**	$ 20,903

statement of **operations**

(dollars in thousands)	**2006**	2005
Revenue		
Assessments	**$ 124,763**	$ 158,217
Investment income (Note 5)	**60,104**	37,091
	184,867	195,308
Expenses		
Claims costs incurred (Note 10)		
Short-term disability	**28,055**	29,360
Long-term disability	**58,286**	54,990
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	168,239	163,796
Surplus from operations	**16,628**	31,512
Actuarial adjustments (Note 10)	**(8,771)**	(10,609)
Surplus for the year	**$ 7,857**	$ 20,903

statement of changes in fund deficiency

(dollars in thousands)	**2006**	2005
Accumulated operating deficit		
Balance, beginning of year	**$ (139,240)**	$ (160,143)
Operating surplus	**7,857**	20,903
	(131,383)	(139,240)
Accumulated other comprehensive income		
Balance, beginning of year	**84,702**	57,721
Other comprehensive income	**37,436**	26,981
	122,138	84,702
Reserves		
Occupational Health and Safety Research	**913**	913
Fund deficiency end of year	**$ (8,332)**	$ (53,625)

statement of comprehensive income

(dollars in thousands)	**2006**	2005
Surplus for the year	**$ 7,857**	$ 20,903
Other comprehensive income:		
Unrealized gains on available-for-sale investments	**57,481**	42,761
Realized gains on available-for-sale investments included in surplus from operations	**(21,841)**	(17,576)
Amortization of reversal of investment gains	**1,796**	1,796
Net change in other comprehensive income for the year	**37,436**	26,981
Comprehensive income	**$ 45,293**	$ 47,884

statement of cash flows

(dollars in thousands)	**2006**	2005
Cash flow from operating activities		
Cash received from:		
Employers, for assessments	**$ 125,977**	$ 160,230
Investment income	**13,036**	11,471
	139,013	171,701
Cash paid to:		
Claimants or third parties on their behalf	**(113,482)**	(108,232)
Suppliers and employees, for administrative and other goods and services	**(22,483)**	(29,557)
Third party, from reserve fund	**-**	(58)
	(135,965)	(137,847)
Net cash provided from operating activities	**3,048**	33,854
Cash flow from financing activities		
Proceeds from short-term borrowings	**4,938**	-
Cash provided from financing activities	**4,938**	-
Cash flow from investing activities		
Purchase of investments	**(14,818)**	(27,795)
Purchase of capital assets	**(3,547)**	(2,714)
Net cash used for investing activities	**(18,365)**	(30,509)
Net (decrease) increase in cash and cash equivalents	**(10,379)**	3,345
Cash and cash equivalents		
Beginning of year	**9,119**	5,774
End of year	**$ (1,260)**	$ 9,119

notes to financial statements

1. Nature of operations

The Workplace Health, Safety and Compensation Commission (the Commission) was established by the Newfoundland Legislature in 1951, under the *Workplace Health, Safety and Compensation Act (the Act),* as amended. The Commission is responsible for, in accordance with the provisions of *the Act*, preventing and reducing the occurrence of workplace injuries and diseases through the promotion of health and safety in workplaces; the establishment of occupational health and safety certification standards and certification of trainers; facilitating the claims management process and administering the payment of benefits to injured workers and dependents of fatally injured workers; levying and collecting assessment revenues from established classes of employers in amounts sufficient to cover the current and future costs of existing claims; and investing funds, following investment policies which are approved by the Commission within guidelines established under the *Insurance Companies Act* (Canada). An independent Workplace Health, Safety and Compensation Review Division is established under *the Act* to make rulings on any appeals pertaining to the Commission's assessment or benefit decisions. The Commission does not receive government funding or other assistance.

The Commission administers *the Act* for two groups of employers, referred to as assessment-based employers and self-insured employers. Assessment-based employers are insured through "collective liability" and are required to contribute to the Commission's Insurance Fund, whereas self-insured employers are individually liable. The Commission pays the actual cost of claims for self-insured employers and bills them on a monthly basis for payments related to short-term disability, health care, rehabilitation, extended earnings loss, permanent functional impairment awards and survivor benefits, together with their proportionate share of administration costs.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The Commission's significant accounting policies are as follows:

(a) Cash and cash equivalents

Cash and cash equivalents include cash, bank overdrafts and short-term investments in money market instruments which will be liquidated in the near term.

(b) Assessments revenue

At the beginning of each year, an assessment is levied on employers by applying their industry assessment rate to their estimated payrolls. The assessment levy is payable by installments within the current year. At year-end, assessment income is adjusted based on a review of the employers' actual payrolls.

(c) Assessments receivable

Due to varying economic conditions, actual employers' payrolls may differ from original estimates. Therefore, at year-end, a provision for accrued assessments is recorded based on historical assessment information.

2. **Significant accounting policies *(cont'd)***

(d) Investments

Investments are designated as available-for-sale and are recorded at fair value. The Commission applies settlement date accounting for investments. Gains and losses realized on the disposal of investments are recorded in operating surplus in the year. Unrealized gains and losses are recorded in other comprehensive income until realized. Interest and dividend income are recognized in the period earned.

(e) Capital assets

Capital assets are reported at cost and are amortized monthly on a straight-line basis over their estimated useful lives. The periods used are as follows:

Building	40 years
Furniture and equipment	10 years
Computer equipment	1 to 5 years
Systems development	1 to 5 years
Equipment under capital lease	3 to 5 years

(f) Benefit liabilities

The benefit liabilities represent the actuarial present value of all future benefit payments expected to be made for injuries which occurred in the current fiscal year or in any prior year. The benefit liabilities include provision for all benefits provided by current legislation, policies and/or business practices in respect of existing claims and for future costs of administering claims. No provision has been made for future claims related to latent occupational disease, because they cannot be reasonably estimated.

The benefit liabilities were determined using accepted actuarial practices in accordance with the standards established by the Canadian Institute of Actuaries.

Benefit liabilities related to self-insured employers will be the responsibility of those employers when paid in future years. Accordingly, these benefit liabilities have not been determined by actuarial valuation and thus are not included in the Commission's benefit liabilities.

(g) Reserves

In accordance with Section 20.5 (1) of *the Act*, the Commission maintains a special reserve fund for the purpose of health and safety research. *The Act* permits the Commission to allocate up to a maximum of 2% of its total assessment and investment income in each calendar year to establish and maintain this special fund.

In accordance with Section 116 (1) of *the Act*, the Commission may, at its discretion, establish reserves for the following:

- to meet an increase in the capitalization of compensation payments payable in future years where the increase cannot be provided without placing an undue burden on the employers in an industrial classification;

2. Significant accounting policies *(cont'd)*

- to meet the loss arising from a disaster or other circumstances which would unfairly burden the employers in an industrial classification; or
- subject to the approval of the Lieutenant-Governor in Council, to meet the costs of particular needs of the Commission that it considers necessary.

(h) Use of accounting estimates

1) Benefit liabilities

An actuarial valuation of the benefit liabilities is prepared by an independent firm of consulting actuaries who have rendered their opinion that the valuation was prepared in accordance with accepted actuarial practice, and that the actuarial assumptions are appropriate.

The Commission believes that the amount provided for benefit liabilities as at December 31, 2006, is adequate, recognizing that actuarial assumptions as disclosed in Note 11 may change over time to reflect underlying economic trends. When they do, it is possible to cause a material change in the actuarial present value of the future payments.

2) Assessments revenue

Accounts receivable at year-end include an estimate of annual premium revenues for the year that have not yet been received from employers. The recorded amounts are based upon management's best information and judgment, having regard to actual experience in preceding years. However, until all employers actually submit their final annual payroll information to the Commission, the recorded assessments revenues for the year and the estimated amounts receivable at year-end are subject to measurement uncertainty.

(i) Financial instruments

The Commission's financial instruments consist of cash and cash equivalents, receivables, investments and accounts payable and accruals. The carrying value of financial instruments, with the exception of investments, approximate their fair values due to their immediate or short-term maturity and normal credit terms. The fair value of investments is based on quoted market prices.

Investments include derivatives, which are financial contracts whose price is dependent on the price of one or more underlying securities. Notional principal amounts, upon which payments are based, are not recognized in these financial statements.

The fair value of the Commission's derivative positions is determined by the following methods:

1) Interest rate swaps, forward foreign exchange contracts and currency swaps are valued based on discounted cash flows using current market yields and exchange rates.

2) Futures contracts are valued based on quoted market prices.

2. Significant accounting policies *(cont'd)*

(j) Post-employment benefits and annual leave

Costs for employee future benefits related to severance pay and annual leave are accrued over the periods in which the employees render services in return for these benefits.

3. Cash and cash equivalents (bank overdraft)

(dollars in thousands)	**2006**	2005
Money market instruments	**$ -**	$ 3,456
Bank balances	**-**	5,663
Bank overdraft	**(1,260)**	-
	$ (1,260)	$ 9,119

4. Receivables

(dollars in thousands)	**2006**	2005
Assessments	**$ 5,623**	$ 6,118
Accrued assessments	**5,000**	6,000
Other	**1,812**	1,531
	$ 12,435	$ 13,649

5. Investments

(dollars in thousands)	**2006**		2005	
	Fair Value	**Cost**	Fair Value	Cost
Fixed term	**$ 232,350**	**$ 235,733**	$ 211,927	$ 212,867
Equities	**519,216**	**391,899**	440,329	351,094
Accrued interest	**990**	**990**	943	943
	$ 752,556	**$ 628,622**	$ 653,199	$ 564,904

At December 31, 2005, $5,000,000 of short-term money market instruments, the proceeds of which were transferred in January 2006, were classified as investments.

5. Investments *(cont'd)*

Investment income is comprised of the following:

(dollars in thousands)	**2006**	2005
Interest and dividends	**$ 17,152**	$ 15,073
Realized investment gains	**47,110**	25,971
Reversal of recognized unrealized investment gains	**(1,796)**	(1,796)
	62,466	39,248
Less: Portfolio management expenses	**(2,362)**	(2,157)
Total investment income	**$ 60,104**	$ 37,091

The Commission's asset mix policy for 2006 and 2005 is presented below:

	Asset Mix	**Tolerance Range**
Bonds, Canadian	35%	±5%
Equities, Canadian	35%	±5%
Equities, United States	15%	±3%
Equities, Europe, Asia and Far East (EAFE)	15%	±3%

6. Financial instruments

(a) *Market risk management*

The Commission invests in publicly and privately traded equities and bonds available on domestic and foreign exchanges. These securities are affected by market changes and fluctuations. The Commission uses derivative financial instruments for trading purposes. Changes in the fair value of derivatives are recognized in income in the period in which they arise. At December 31, 2006 the fair value of the Commission's derivative portfolio was $81,000 (notional value of $9,546,000). There were no derivative instruments held at December 31, 2005.

(b) *Credit risk management*

Credit exposure on fixed income securities arises from the possibility that the issuer of an instrument fails to meet its obligation to make interest payments and repay principal. Of the fixed income assets in the investment portfolio, 94.1% (2005: 91.8%) have at least an 'A' credit rating. The Commission does not anticipate that any issuers will fail to meet their obligations.

The Commission may invest in short-term commercial debt or paper rated R1 or higher. Provincial short-term debt and debt of agencies guaranteed by the provinces may be rated lower than R1. The short-term portfolio investments held with any one corporate issuer is limited to 10%, at any given time, of the Commission's estimated annual cash receipts.

6. Financial instruments *(cont'd)*

(c) *Foreign exchange risk management*

The Commission has certain investments denominated in foreign currencies. The Commission does not undertake hedging strategies for the currency risk of foreign equity investments. These currency fluctuations are not expected to affect the long-term position of the investment portfolio. Forward foreign exchange and futures contracts are used to hedge the currency risk of certain foreign currency denominated fixed income investments. As at December 31, 2006, the Commission's holdings in foreign equities and pooled equity funds had a market value of $233.9 million (2005; $200.8 million) representing 31.1% (2005; 31.0%) of the market value of the total investment portfolio.

(d) *Interest rate risk management*

Fluctuations in interest rates are managed through interest rate swaps and by actively controlling the duration of the fixed income portfolio. The table below represents the remaining term to maturity of the Commission's fixed term investments.

Remaining Term to Maturity

Fair Value (dollars in thousands)	Within 1 Year	1 Year to 5 Years	Over 5 Years	**Total 2006**	Total 2005
Fixed term investments	$ 13,075	$ 111,017	$ 108,258	**$ 232,350**	$ 211,927

7. Capital assets

(dollars in thousands)	**2006**			**2005**
	Cost	**Accumulated Amortization**	**Net Book Value**	**Net Book Value**
Land	**$ 11**	**$ -**	**$ 11**	$ 11
Building	**7,674**	**4,733**	**2,941**	3,205
Furniture and equipment	**2,652**	**2,211**	**441**	520
Computer equipment	**6,811**	**5,626**	**1,185**	1,480
Systems development	**17,339**	**10,012**	**7,327**	5,043
Equipment under capital lease	**218**	**218**	**-**	8
	$ 34,705	**$ 22,800**	**$ 11,905**	$ 10,267

Included in systems development costs for 2006 is $3,063,000 (2005; $2,049,000) related to business improvement projects.

8. Bank indebtedness

The Commission has established an operating line of credit with its banker in the amount of $20,000,000. Advances on the line of credit bear interest at the bank's prime interest rate minus 1.16%. The credit facility is unsecured and was utilized during 2006 to the amount of $15,000,000; of which $4,947,000 was outstanding at December 31, 2006 (2005; Nil).

9. Payables and accruals

(dollars in thousands)	**2006**	2005
Accounts payable	**$ 11,260**	$ 6,023
Annual leave and post-employment benefits, due to employees	**3,596**	3,293
Credit balances due to employers	**2,670**	1,358
	$ 17,526	$ 10,674

In 2006, accounts payable includes a provision of $4,650,000 for amounts owing to employers under the Commission's practice incentive and experience refund program.

10. Benefit liabilities and claims costs

An independent consulting actuary completes a valuation of benefit liabilities of the Commission on an annual basis. Such a valuation was performed as at December 31, 2006.

An analysis of the components of, and changes in, benefit liabilities is as follows:

(dollars in thousands)	2006							2005
	Short-Term Disability	Long-Term Disability	Survivor Benefits	Health Care	Rehabilitation	Future Admin. cost	**Total**	Total
Balance, Beginning of year	$ 47,384	$ 416,982	$ 54,795	$ 158,585	$ 3,736	$ 47,703	**$ 729,185**	$ 693,805
Add:								
Claims costs incurred:								
Current year injuries	24,732	26,591	3,032	26,243	1,094	-	**81,692**	80,360
Prior years' injuries	3,323	31,695	4,295	12,382	236	3,398	**55,329**	52,643
	28,055	58,286	7,327	38,625	1,330	3,398	**137,021**	133,003
Deduct:								
Claims payments:								
Current year injuries	8,351	306	167	7,448	1	-	**16,273**	16,460
Prior years' injuries	18,072	43,042	10,165	24,870	1,060	-	**97,209**	91,772
	26,423	43,348	10,332	32,318	1,061	-	**113,482**	108,232
Balance before actuarial adjustments	49,016	431,920	51,790	164,892	4,005	51,101	**752,724**	718,576
Actuarial adjustments	(3,193)	11,720	3,768	(1,497)	(743)	(1,284)	**8,771**	10,609
Balance, end of year	$ 45,823	$ 443,640	$ 55,558	$ 163,395	$ 3,262	$ 49,817	**$ 761,495**	$ 729,185

11. Actuarial assumptions

The benefit liabilities are based on projections of future benefit payments which reflect long-term estimates of economic and actuarial assumptions and methods, modified for current trends. As these assumptions may change over time, it is possible that such changes could cause a material change in the actuarial present value of future benefit liabilities.

The table below lists the principal economic assumptions used.

	2006		2005	
	CPI-Indexed Awards	**Other Payments**	CPI-Indexed Awards	Other Payments
Gross rate of return	7.12%	7.12%	7.12%	7.12%
Inflation Year 1	2.50%	3.50%	2.10%	3.50%
Inflation rate future years	3.50%	3.50%	3.50%	3.50%
Net rate of return Year 1	4.51%	3.50%	4.92%	3.50%
Net rate of return future years	3.50%	3.50%	3.50%	3.50%

12. Reserves

As provided by legislation, the Commission maintains a reserve for funding studies, projects and research relating to the enhancement of occupational health and safety in the workplace. During 2006, there were no amounts charged to the reserve (2005; $58,000).

13. Change in accumulated operating deficit

(dollars in thousands)	**2006**	**2005**
Accumulated operating deficit, beginning of year, (as previously stated)	$ (139,240)	$ (114,755)
Future administration costs	-	(45,388)
Accumulated operating deficit, beginning of year (restated)	(139,240)	(160,143)
Favourable revenue variance	5,300	40,700
Interest on accumulated operating deficit	(9,900)	(11,400)
Investment income variance	21,200	2,100
Liability adjustments for prior years' claims	(8,771)	(10,609)
Other	28	112
Accumulated operating deficit, end of year	$ (131,383)	$ (139,240)

14. Administration expenses

(dollars in thousands)	2006	2005
Salaries and employee benefits	**$ 18,106**	$ 16,753
Office and communications	**2,202**	2,084
Building operations	**553**	629
Travel and vehicle operating	**560**	499
Professional fees	**935**	1,051
	$ 22,356	$ 21,016

15. Legislated obligations

The Commission is required by legislation to reimburse the provincial government for a portion of the operating costs of the Department of Government Services, the Department of Human Resources, Labour and Employment and the Labour Relations Agency in delivering their occupational health and safety mandate and all of the costs of the Workplace Health, Safety and Compensation Review Division. The Commission is required to fund the operating costs of the employer and worker advisor positions and the Statutory Review. Total expenses incurred by the Commission for legislated obligations are detailed below:

(dollars in thousands)	2006	2005
Government Departments and Labour Relations Agency	**$ 4,653**	$ 5,017
Workplace Health, Safety and Compensation Review Division	**924**	1,026
Employer and Worker Advisors	**400**	400
Statutory Review on Workers' Compensation	**370**	62
	$ 6,347	$ 6,505

16. Other expenses

(dollars in thousands)	2006	2005
External training initiatives	**$ 269**	$ 606
Business improvement projects	**364**	619
	$ 633	$ 1,225

External training represents funding provided to the Newfoundland and Labrador Federation of Labour for return-to-work training programs. An agreement with the Newfoundland and Labrador Federation of Labour expires March 31, 2007.

17. Related party transactions

These financial statements include amounts resulting from normal operating transactions with various provincial government departments, agencies, and crown corporations with which the Commission may be considered related. The provincial government is also a self-insured employer, and account balances resulting from these transactions are included in the financial statements and are settled under normal trade terms.

18. Industry levy

The Commission has levied a surcharge of $0.10 per $100 of payroll on employers in the construction sector to fund a portion of the operating costs of safety and health training programs conducted by the Newfoundland and Labrador Construction Safety Association. The amounts collected on behalf of the Association totalled $385,000 in 2006 (2005; $380,000) and are not included in the Statement of Operations.

19. Self-insured employers

These financial statements include the effects of transactions carried out for self-insured employers, principally federal and provincial government bodies, who directly bear the costs of their own incurred claims and a share of administration costs. Aggregate amounts of such assessment revenue and offsetting expenses included in the Statement of Operations are as follows:

(dollars in thousands)	**2006**	**2005**
Assessments revenue	**$ 8,717**	$ 8,669
Claims costs incurred:		
Short-term disability	**679**	665
Long-term disability	**3,386**	3,277
Survivor benefits	**722**	445
Health care	**2,455**	2,752
Administration charges	**1,475**	1,530
	$ 8,717	$ 8,669

20. Pension costs

All permanent employees of the Commission are covered by the Public Service Superannuation Plan administered by the Province of Newfoundland and Labrador. Contributions to the plan are required from both the employees and the Commission. The annual contributions of $1,118,000 (2005; $1,063,000) for pensions are recognized in the accounts on a current basis.

notes to financial statements

21. Commitments

The Commission has committed to operating lease payments for office premises and equipment for the years 2007 to 2010 in the amount of $146,000 annually.

22. Contingencies

The Commission may be liable for the future costs of claims relating to certain latent occupational diseases which may have occurred in the current year or previously, but which may not be recognized and reported for a number of years due to the extended latency period of such diseases. Because of the absence of reliable evidence and data pertaining to these matters, the liabilities cannot be reasonably estimated and have not been recorded in these financial statements.

23. Statutory Review

The Act requires that at least once in every five years the Government of the Province of Newfoundland and Labrador appoint a Statutory Review Committee (the Committee) to review matters respecting *the Act* and regulations and their administration. On May 31, 2006 the Committee submitted its report to Government containing forty-four recommendations in the areas of accountability and responsibility, client service, occupational health and safety, benefits and review processes. As of the date of these financial statements Government is continuing its review of the Committee's recommendations. This review may result in proposed legislative changes that could have a material impact on the calculation of benefit liabilities. However, as the outcome of Government's review is unknown the Commission is unable to estimate the impact, if any, on its benefit liabilities.

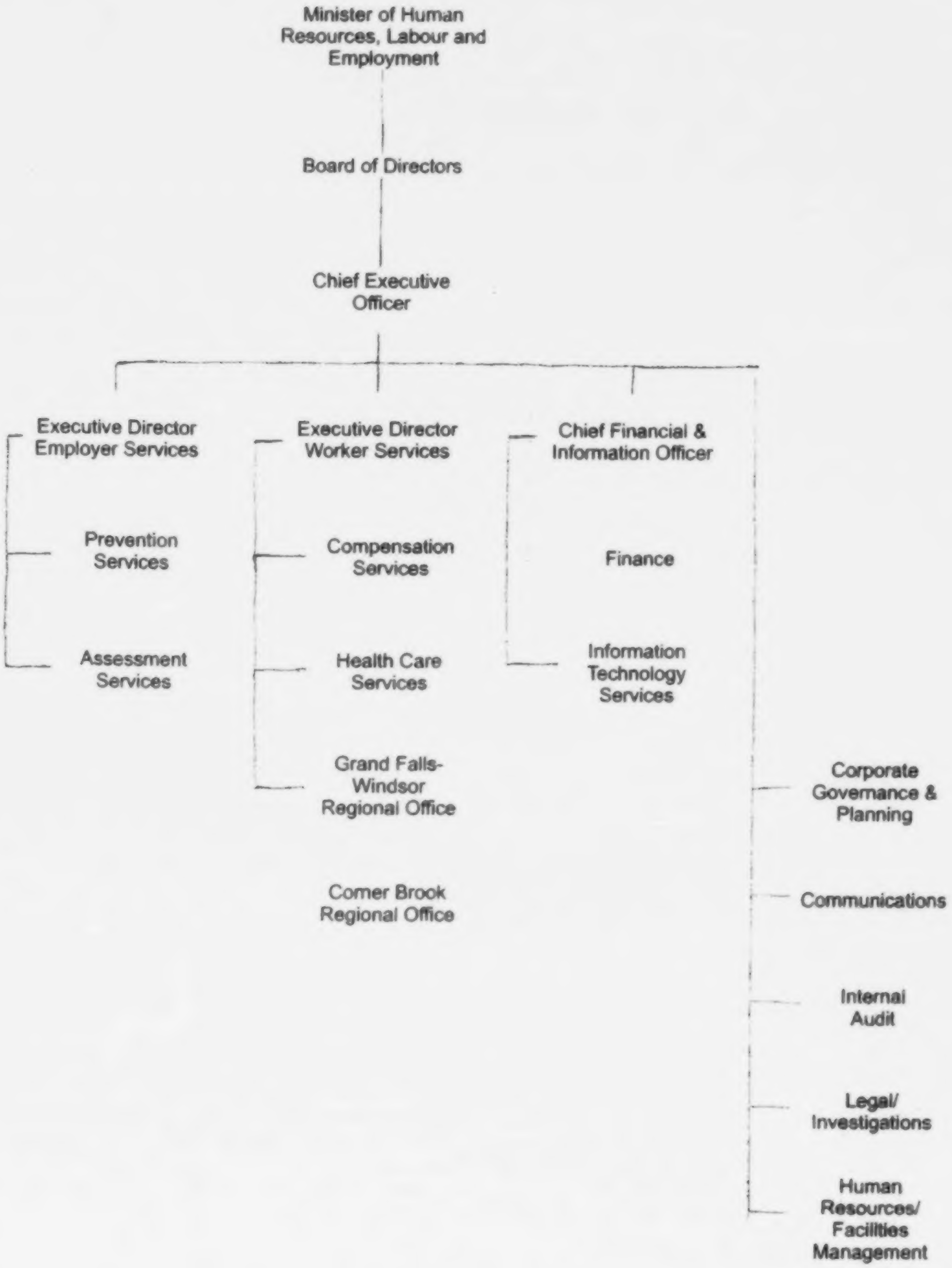
24. Comparative figures

Certain of the comparative information has been reclassified to conform with the presentation adopted in the current year.

five-year history

(dollars in thousands)	2006	2005	2004	2003	2002
Revenue					
Assessments	**$ 124,763**	$ 158,217	$ 166,965	$ 155,150	$ 155,969
Investment income	**60,104**	37,091	17,733	22,623	12,049
	184,867	195,308	184,698	177,773	168,018
Expenses					
Claims costs incurred	**137,021**	133,003	134,276	138,141	136,866
Administration	**22,356**	21,016	21,383	21,183	20,128
Legislated obligations	**6,347**	6,505	6,177	5,589	5,106
Amortization	**1,882**	2,047	2,577	2,421	2,680
Other	**633**	1,225	1,162	952	2,210
	168,239	163,796	165,575	168,286	166,990
Surplus from operations before the following	**16,628**	31,512	19,123	9,487	1,028
Actuarial adjustments	**(8,771)**	(10,609)	31,848	(1,997)	16,421
Surplus for the year	**7,857**	20,903	50,971	7,490	17,449
Fund deficiency, beginning of year (as previously stated)	**(53,625)**	(56,063)	(170,117)	(177,580)	(195,002)
Change in accounting policies	**-**	(45,388)	39,104	-	-
Fund deficiency, beginning of year (restated)	**(53,625)**	(101,451)	(131,013)	(177,580)	(195,002)
Other comprehensive income	**37,436**	26,981	23,981	-	-
Appropriation to reserve fund	**-**	(58)	(2)	(27)	(27)
Fund deficiency, end of year	**$ (8,332)**	$ (53,625)	$ (56,063)	$ (170,117)	$ (177,580)

organizational chart


Minister of Human Resources, Labour and Employment
Board of Directors
Chief Executive Officer
Executive Director Employer Services
Prevention Services
Assessment Services
Executive Director Worker Services
Compensation Services
Health Care Services
Grand Falls-Windsor Regional Office
Corner Brook Regional Office
Chief Financial & Information Officer
Finance
Information Technology Services
Corporate Governance & Planning
Communications
Internal Audit
Legal/ Investigations
Human Resources/ Facilities Management

at a glance – 2006

	2006	2005	2004	2003	2002
Incidence Rate[1]	**2.1**	2.2	2.2	2.5	2.7
Soft Tissue Incidence Rate	**1.3**	1.4	1.4	1.4	1.5
Short-Term Disability Claims[2]	**4,568**	4,787	4,794	5,213	5,499
Health Care Only Claims[2]	**3,896**	3,696	3,572	3,779	4,486
Accepted Fatality Claims[3]	**18**	25	23	23	23
Accidents Resulting in Fatality	**8**	13	10	9	10
Industrial Disease	**10**	12	13	14	13
Average Short-Term Claims Duration (days)	**107**	103	102	105	107
Average Assessment Rate[4]	**$ 2.75**	$ 3.19	$ 3.24	$ 3.24	$ 3.24
Required Assessment Rate[4]	**$ 2.75**	$ 3.04	$ 3.10	$ 3.33	$ 3.45
Registered Employer Accounts	**16,291**	16,067	15,697	15,209	14,815
Employer Assessments ($ million) (including self-insurers)	**$ 124.8**	$ 158.2	$ 167.0	$ 155.1	$ 156.0
Claims Costs ($ million)[5]	**$ 137.0**	$ 133.0	$ 134.3	$ 138.1	$ 136.9
Net Fund Deficiency ($ million)	**$ (8.3)**	$ (53.6)	$ (101.5)	$ (170.1)	$ (177.6)
Funded Ratio	**98.8%**	92.6%	85.5%	74.1%	71.7%

1. Number of lost-time claims per 100 workers employed.

2. The number of new claims reported, accepted and paid up to March 31 of the following calendar year. Health care only claims do not involve lost-time from work.

3. Accepted fatality claims are the total number of fatalities that were accepted in 2006.

4. Average assessment rate is the rate actually charged per $100 of payroll. Required assessment rate is the rate needed to fully cover all costs for a given year.

5. Claims costs includes current year payments plus expected future payments for all injuries occurring and accepted in the year.

WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION

AUDITOR'S REPORT

FINANCIAL STATEMENTS – DECEMBER 31, 2008

Management responsibility for financial reporting

The accompanying 2008 financial statements of the Workplace Health, Safety and Compensation Commission were prepared by management who are responsible for the integrity and fairness of the data presented, including significant accounting judgments and estimates. This responsibility includes selecting appropriate accounting principles consistent with generally accepted accounting principles in Canada. Financial information contained elsewhere in this Annual Performance Report is consistent with these financial statements.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains a system of accounting and reporting which provides for the necessary internal controls designed to provide reasonable assurance that relevant and reliable financial information is produced and that assets are properly safeguarded. The Internal Auditor performs audits designed to test the adequacy and consistency of the Commission's internal controls, practices and procedures.

The Board of Directors oversees management responsibility for financial reporting through its Financial Services Committee. The Financial Services Committee oversees the external audit of the Commission's annual financial statements and the accounting and financial reporting and disclosure processes and policies of the Commission. The Financial Services Committee meets with management, external actuary and the internal auditor to discuss the results of the audit, the adequacy of internal accounting controls and the quality and integrity of financial reporting. The Commission's annual financial statements are reviewed by the Financial Services Committee with each of management and the external auditors before being recommended to the Board of Directors for approval.

The Financial Services Committee has the duty to review the adoption of, and changes in, accounting principles and practices which have a material effect on the Commission's financial statements and to review and report to the Board of Directors on policies relating to accounting and financial reporting and disclosure processes. The Financial Services Committee has the duty to review financial reports requiring the approval of the Board of Directors prior to submission to the Minister of Human Resources, Labour and Employment to assess and review management's judgments that are material to reported financial information; and to review the independence and fees of the Commission's auditors and actuaries.

The firm of Morneau Sobeco has been appointed as independent consulting actuary to the Commission. Its role is to complete an independent actuarial valuation of the benefit liabilities of the Commission on an annual basis and to report thereon in accordance with generally accepted actuarial principles.

Grant Thornton, LLP, the external auditors of the Commission, have performed an independent audit of the 2008 financial statements of the Commission in accordance with Canadian generally accepted auditing standards. The Auditors' Report outlines the scope of this independent audit and the opinion expressed.

Paul Kavanagh

Leslie Galway
Chief Executive Officer

Paul Kavanagh
Chief Financial & Information Officer

Actuarial Statement of Opinion

I have completed the actuarial valuation of the benefit liabilities of the Workplace Health, Safety and Compensation Commission of Newfoundland and Labrador (the "Commission") as at December 31, 2008 (the "valuation date"). Details of the data, actuarial assumptions, valuation methods and results are included in the actuarial valuation report as at the valuation date, of which this statement of opinion forms part. In my opinion:

1. The estimate of the actuarial liabilities for assessed employers as at the valuation date is $807,997,929. This includes provisions for benefits and future administration expenses expected to be paid after the valuation date for claims that occurred on or before the valuation date. Self-insured employers, and future claims arising from long latency occupational diseases are not included in this valuation.

2. The valuation is based on the provisions of the Workplace Health, Safety and Compensation Act of Newfoundland and Labrador and on the Commission's policies and practices in effect on the valuation date.

3. The data on which the valuation is based were supplied by the Commission in accordance with specifications provided by us. We applied such checks of reasonableness of the data as we considered appropriate, and have concluded that the data are sufficient and reliable to permit a realistic valuation of the liabilities of the Commission.

4. The actuarial assumptions adopted in computing the liabilities are adequate and appropriate, and the methods used are in accordance with accepted actuarial practice for workers compensation organizations in Canada. The economic assumptions are consistent with the long-term financial strategy and long-term investment policies of the Commission. The discount rates used are disclosed in note 11 to the financial statements.

Conrad Ferguson, F.S.A., F.C.I.A.
Partner, Morneau Sobeco

March 23, 2009
Date

Grant Thornton

Auditors' report

Grant Thornton LLP
187 Kenmount Road
St. John's, NL
A1B 3P9

T (709) 722-5960
F (709) 722-7892
www.GrantThornton.ca

To the Board of Directors of the

Workplace Health, Safety and Compensation

Commission of Newfoundland and Labrador

We have audited the statement of financial position of the Workplace Health, Safety and Compensation Commission of Newfoundland and Labrador at December 31, 2008 and the statements of operations, changes in fund deficiency, comprehensive loss and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland and Labrador

March 13, 2009

Chartered Accountants

Statement of FINANCIAL POSITION

(dollars in thousands)	**2008**	2007
Assets		
Cash and cash equivalents	**$ 124**	$ -
Receivables (Note 4)	**11,298**	10,631
Investments (Note 5)	**611,923**	757,648
Capital assets (Note 7)	**15,632**	14,156
	$ 638,977	$ 782,435
Liabilities		
Bank overdraft	**$ -**	$ 579
Bank indebtedness (Note 8)	**-**	4,935
Payables and accruals (Note 9)	**18, 896**	17,666
Benefit liabilities (Note 10)	**807,998**	788,642
Total liabilities	**826,894**	811,822
Fund Deficiency	**(187,917)**	(29,387)
	$ 638,977	$ 782,435

Commitments (Note 21)

Contingencies (Note 22)

On behalf of the Commission

Ralph Tucker
Chairperson

Darren Roberts
Director

Statement of OPERATIONS

(dollars in thousands)	**2008**	2007
Revenue		
Assessments	**$ 151,782**	$ 137,713
Investment income (Note 5)	**13,763**	79,918
	165,545	217,631
Expenses		
Claims costs incurred (Note 10)		
Short-term disability	**29,549**	28,900
Long-term disability	**64,250**	61,210
Survivor benefits	**5,024**	5,234
Health care	**43,125**	38,087
Rehabilitation	**1,312**	1,326
Future administration costs	**3,675**	3,547
	146,935	138,304
Administration (Note 14)	**26,897**	23,828
Legislated obligations (Note 15)	**6,424**	6,145
Amortization	**2,859**	2,017
Other (Note 16)	**915**	686
	184,030	170,980
(Deficit) surplus from operations	**(18,485)**	46,651
Actuarial adjustments (Note 10)	**6,450**	265
(Deficit) surplus for the year	**$ (12,035)**	$ 46,916

Statement of Changes in FUND DEFICIENCY

(dollars in thousands)	**2008**	2007
Accumulated operating deficit (Note 13)		
Balance, beginning of year	**$ (84,467)**	$ (131,383)
Operating (deficit) surplus	**(12,035)**	46,916
	(96,502)	(84,467)
Accumulated other comprehensive (loss) income		
Balance, beginning of year	**54,191**	122,138
Other comprehensive loss	**(146,445)**	(67,947)
	(92,254)	54,191
Reserves		
Occupational Health and Safety Research	**839**	889
Fund deficiency end of year	**$ (187,917)**	$ (29,387)

Statement of COMPREHENSIVE (LOSS) INCOME

(dollars in thousands)	**2008**	2007
(Deficit) surplus for the year	**$ (12,035)**	$ 46,916
Other comprehensive loss		
Unrealized loss on available-for-sale investments	**(141,146)**	(21,596)
Realized gains on available-for-sale investments included in (deficit) surplus from operations	**(12,077)**	(48,147)
Permanent impairment included in (deficit) surplus from operations on available-for-sale investments	**6,778**	-
Amortization of reversal of investment gains	**-**	1,796
Net change in other comprehensive loss for the year	**(146,445)**	(67,947)
Comprehensive loss	**$ (158,480)**	$ (21,031)

Statement of CASH FLOWS

(dollars in thousands)	**2008**	2007
Cash flow from operating activities		
Cash received from:		
Employers, for assessments	**$ 151,115**	$ 139,517
Investment income	**21,699**	15,769
	172,814	155,286
Cash paid to:		
Claimants or third parties on their behalf	**(121,129)**	(110,892)
Suppliers and employees, for administrative and other goods and services	**(33,059)**	(30,522)
Third party, from reserve fund	**(50)**	(24)
	(154,238)	(141,438)
Net cash provided from operating activities	**18,576**	13,848
Cash flow from financing activities		
Repayment of short-term borrowings	**(4,935)**	(16)
Net cash used for financing activities	**(4,935)**	(16)
Cash flow from investing activities		
Purchase of investments	**(8,656)**	(8,884)
Purchase of capital assets	**(4,282)**	(4,267)
Net cash used for investing activities	**(12,938)**	(13,151)
Net increase in cash and cash equivalents	**703**	681
Cash and cash equivalents		
Beginning of year	**(579)**	(1,260)
End of year	**$ 124**	$ (579)

Notes to FINANCIAL STATEMENTS

1. Nature of operations

The Workplace Health, Safety and Compensation Commission (the Commission) was established by the Newfoundland Legislature in 1951, under the Workplace Health, Safety and Compensation *Act (the Act)*, as amended. The Commission is responsible for, in accordance with the provisions of the *Act*, preventing and reducing the occurrence of workplace injuries and diseases through the promotion of health and safety in workplaces; the establishment of occupational health and safety certification standards and certification of trainers; facilitating the claims management process and administering the payment of benefits to injured workers and dependents of fatally injured workers; levying and collecting assessment revenues from established classes of employers in amounts sufficient to cover the current and future costs of existing claims; and investing funds, following investment policies which are approved by the Commission within guidelines established under the *Insurance Companies Act* (Canada). An independent Workplace Health, Safety and Compensation Review Division is established under *the Act* to make rulings on any appeals pertaining to the Commission's assessment or benefit decisions. The Commission does not receive government funding or other assistance.

The Commission administers *the Act* for two groups of employers, referred to as assessment-based employers and self-insured employers. Assessment-based employers are insured through "collective liability" and are required to contribute to the Commission's Injury Fund, whereas self-insured employers are individually liable. The Commission pays the actual cost of claims for self-insured employers and bills them on a monthly basis for payments related to short-term disability, health care, rehabilitation, extended earnings loss, permanent functional impairment awards and survivor benefits, together with their proportionate share of administration costs.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The Commission's significant accounting policies are as follows:

(a) Cash and cash equivalents

Cash and cash equivalents which include cash, bank overdrafts and short-term investments in money market instruments and which will be liquidated in the near term are recorded at fair value.

2. Significant accounting policies (cont'd)

(b) Assessments revenue

At the beginning of each year, an assessment is levied on employers by applying their industry assessment rate to their estimated payrolls. The assessment levy is payable by installments within the current year. At year-end, assessment income is adjusted based on a review of the employers' actual payrolls.

(c) Assessments receivable

Due to varying economic conditions, actual employers' payrolls may differ from original estimates. Therefore, at year-end, a provision for accrued assessments is recorded based on historical assessment information.

(d) Investments

Investments are designated as available-for-sale and are recorded at fair value. The Commission applies trade date accounting for investments. Gains and losses realized on the disposal of investments are recorded in operating surplus in the year. Unrealized gains and losses are recorded in other comprehensive income until realized. Interest and dividend income are recognized in the period earned.

The Commission assesses at each balance sheet date whether there is objective evidence whether its investments have suffered impairment in value that is other than temporary. If any such evidence exists, the carrying amount of the investment is reduced to the extent that it is impaired and the amount of the loss is recognized in the statement of operations.

(e) *Capital assets*

Capital assets are reported at cost and are amortized monthly on a straight-line basis over their estimated useful lives. The periods used are as follows:

Building	40 years
Furniture and equipment	10 years
Computer equipment	1 to 5 years
Systems development	1 to 5 years
Equipment under capital lease	3 to 5 years

2. Significant accounting policies (cont'd)

(f) *Benefit liabilities*

The benefit liabilities represent the actuarial present value of all future benefit payments expected to be made for injuries which occurred in the current fiscal year or in any prior year. The benefit liabilities include provision for all benefits provided by current legislation, policies and/or business practices in respect of existing claims and for future costs of administering claims. No provision has been made for future claims related to latent occupational disease, because they cannot be reasonably estimated.

The benefit liabilities were determined using accepted actuarial practices in accordance with the standards established by the Canadian Institute of Actuaries.

Benefit liabilities related to self-insured employers will be the responsibility of those employers when paid in future years. Accordingly, these benefit liabilities have not been determined by actuarial valuation and thus are not included in the Commission's benefit liabilities.

(g) *Reserves*

In accordance with Section 20.5 (1) of *the Act*, the Commission maintains a special reserve fund for the purpose of health and safety research. *The Act* permits the Commission to allocate up to a maximum of 2% of its total assessment and investment income in each calendar year to establish and maintain this special fund.

In accordance with Section 116 (1) of *the Act*, the Commission may, at its discretion, establish reserves for the following:

- to meet an increase in the capitalization of compensation payments payable in future years where the increase cannot be provided without placing an undue burden on the employers in an industrial classification;

- to meet the loss arising from a disaster or other circumstances which would unfairly burden the employers in an industrial classification; or

- subject to the approval of the Lieutenant-Governor in Council, to meet the costs of particular needs of the Commission that it considers necessary.

2. Significant accounting policies (cont'd)

(h) Use of accounting estimates

1) Benefit liabilities

An actuarial valuation of the benefit liabilities is prepared by an independent firm of consulting actuaries who have rendered their opinion that the valuation was prepared in accordance with accepted actuarial practice, and that the actuarial assumptions are appropriate.

The Commission believes that the amount provided for benefit liabilities as at December 31, 2008, is adequate, recognizing that actuarial assumptions as disclosed in Note 11 may change over time to reflect underlying economic trends. When they do, it is possible to cause a material change in the actuarial present value of the future payments.

2) Assessments revenue

Accounts receivable at year-end include an estimate of annual premium revenues for the year that have not yet been received from employers. The recorded amounts are based upon management's best information and judgment, having regard to actual experience in preceding years. However, until all employers actually submit their final annual payroll information to the Commission, the recorded assessments revenues for the year and the estimated amounts receivable at year-end are subject to measurement uncertainty.

(i) Financial instruments

The Commission's financial instruments consist of cash and cash equivalents, receivables, investments and accounts payable and accruals. The carrying value of financial instruments, with the exception of investments, approximate their fair values due to their immediate or short-term maturity and normal credit terms. The fair value of investments is based on quoted market prices.

The following is a summary of the accounting model the Commission has elected to apply to each of its significant categories of financial instruments.

2. Significant accounting policies (cont'd)

Asset/Liability	Classification	Measurement
Cash and cash equivalents	Held for trading	Fair value
Receivables	Loans and receivables	Amortized cost
Investments	Available-for-sale	Fair value
Derivatives	Held for trading	Fair value
Payables and accrued liabilities	Other liabilities	Amortized cost

Investments include derivatives, which are financial contracts whose price is dependent on the price of one or more underlying securities. The notional principal amounts, upon which payments are based, are not recognized in these financial statements.

The fair value of the Commission's derivative positions is determined by the following methods:

1) Interest rate swaps, forward foreign exchange contracts and currency swaps are valued based on discounted cash flows using current market yields and exchange rates.

2) Futures contracts are valued based on quoted market prices.

(j) Post-employment benefits and annual leave

Costs for employee future benefits related to severance pay and annual leave are accrued over the periods in which the employees render services in return for these benefits.

(k) Changes in accounting standards

On January 1, 2008, the Commission adopted the CICA Handbook Standard 1535 "Capital Disclosure". Under this Standard, the Commission is required to disclose its objectives, policies and procedures for managing capital, as well as its compliance with any externally imposed capital requirements. This is accomplished through the Commission's funding policy (Note 3). As well, the Commission adopted CICA Standard 3862 "Financial Instruments – Disclosures"

2. Significant accounting policies (cont'd)

and Section 3863 "Financial Instruments Presentation". This new Standard provides enhanced disclosure for the Commission's risk associated with financial instruments such as credit risk, liquidity risk and market risks and the techniques used to indentify, monitor and manage these risks (Note 6). There is no affect on the comparative financial statements as a result of adopting the new standards.

(l) Recent accounting standards pending adoption

In February 2008, the Canadian Accounting Standards Board confirmed that all publicly accountable enterprises will be required to report under International Financial Reporting Standards (IFRS) in 2011 at which time IFRS will replace Canadian Generally Accepted Accounting Principles. On January 1, 2011, these standards will apply to the Commission. The Commission has started an IFRS conversion project and is evaluating the impact of the initial application of these standards on the financial statements.

3. Long-term Financial Strategy

The Commission's Board of Directors approved a new funding policy in January of 2009. This policy outlines the Commission's Long-term Financial Strategy, the objective of which is to maintain a funded position that will provide for the security of benefits promised to injured workers within employers' reasonable ability to pay assessments. The strategy provides guidance to the Commission in responding to external influences, such as volatile investment markets and general economic factors, in a controlled and responsible manner.

The Commission's funded position is defined by the relationship of total assets to total liabilities and the Injury Fund is fully funded when the total assets equal or exceed total liabilities. However, due to the potential volatility of investment market returns, the Board of Directors has established a funding target of total assets equal to 110 per cent of total liabilities. The Funding Policy specifies a funding target operating range from 100 per cent to 120 per cent. If the funded status moves outside the targeted range the Commission will adjust assessment rates paid by employers over a fifteen year period to achieve the funding target. The Commission's assessment rates for 2008 and 2009 include an upward adjustment of $ 0.25 per $ 100 of payroll. This adjustment will be retained until the 110 per cent funding target is reached.

3. Long-term Financial Strategy (cont'd)

At funding levels above 140 per cent the Commission will consider one-time expenditures. One-time expenditures include, but are not limited to, benefit improvements, assessment rebates and funding for prevention programs. The introduction of benefit improvements is subject to the approval of the Government of the Province of Newfoundland and Labrador. In order to ensure the long-term sustainability of the workers' compensation system, the Commission will take into account the current and all future costs associated with any one-time expenditures.

The following statement outlines the components of the Commission's net funding strategy deficiency. The fund deficiency represents the amount by which the Commission's total liabilities exceeded its total assets at December 31, 2008. The required 10 per cent stabilization fund represents the additional assets required to meet the Commission's 110 per cent long-term funding target. The stabilization fund is calculated as 10 per cent of the total liabilities at December 31, 2008. The impact of assessment rate adjustments is calculated using the current surcharge of $0.25 per $100 of payroll. The surcharge would have to be maintained until 2042 to recover the current funding strategy deficiency.

Funding Statement	**2008**
Fund deficiency	$ 187,917
Required 10% stabilization fund	82,689
Funding strategy deficiency	270,606
Less impact of assessment rate adjustments	270,606
Net funding strategy deficiency	$ -

The Fund balance consists of accumulated net operating deficits, accumulated other comprehensive loss, and the occupational health, safety and research reserve. Accumulated comprehensive loss represents the unrealized holding gains and losses from changes in the fair values of the Injury Fund assets. The Commission maintains one reserve within the Injury Fund: the Occupational Health and Safety Research Reserve.

4. Receivables

(dollars in thousands)	**2008**	2007
Assessments	**$ 5,803**	$ 4,743
Accrued assessments	**4,300**	3,900
Other	**1,195**	1,988
	$ 11,298	$ 10,631

5. Investments

(dollars in thousands)	2008		2007	
	Fair Value	**Cost**	Fair Value	Cost
Fixed term	**$ 272,009**	**$ 284,215**	$ 277,008	$ 284,802
Equities	**339,914**	**419,430**	480,640	418,655
	$ 611,923	**$ 703,645**	$ 757,648	$ 703,457

As at December 31, 2008, the Commission held an investment in third party sponsored asset backed commercial paper ("ABCP") with a par value of $2,967,000 (maturity value $3,000,000). The ABCP was issued by Rocket Trust (Series A) and was rated R1-high by Dominion Bond Rating Service when it was initially acquired. In mid-August 2007, a number of non-bank sponsors of ABCP, including the one with which the Commission had invested, announced that they could not place ABCP due to unfavourable conditions in the Canadian capital markets. As a result, the investment did not mature as scheduled and there is currently no active market for the third party sponsored ABCP.

As at December 31, 2008, the non-bank ABCP market remained the subject of a restructuring process with the expressed intention of replacing the ABCP with a number of long-term floating rate notes (the "New Notes"). The restructuring plan, which was completed on January 21, 2009, pooled of all of the underlying assets from all the ABCP trusts with the exception of those assets designated as ineligible for pooling ("Ineligible Assets") and those series of assets backed exclusively by traditional financial assets ("Traditional Series"). Upon completion of the restructuring, income which had been accumulating from the underlying assets was distributed to investors. (Note 24: Subsequent Event)

ABCP relating to the pooled assets was replaced with up to four classes of New Notes named A1, A2, B and C in declining order of seniority. These notes were issued under a Master Asset Vehicles (MAV 2) Trust Indenture. The ABCP relating to Ineligible Assets and Traditional Series was replaced with new tracking notes whose characteristics are designed to track the performance of the particular assets of the series to which they correspond.

The Commission has estimated the fair value of the ABCP at December 31, 2008 using the methodology and assumptions outlined below. The fair value estimate of the New Notes to be received under the restructuring has been calculated based on information provided by the Pan Canadian Investor Committee, as well as Ernst & Young, the Monitor of the restructuring. The table below summarizes Commission's valuation.

5. Investments (cont'd)

The range of fair values estimated by the Commission varied between $1,384,000 and $1,767,000.

Restructuring categories	Face value	Fair value Estimate	Expected Maturity date
MAV 2 Notes			
A1 (rated A)	$ 2,507	$ 1,441	12/31/2016
C	78	3	12/31/2026
Ineligible asset tracking notes			
MAV2 – Class 13	393	59	03/20/2014
Accrued Income	-	104	01/21/2009
Total investment	$ 2,978	$ 1,607	

The A1 notes comprise the major category of the notes contemplated to be received totaling 84 per cent of the face value of the original investments made and 96 per cent of the fair value estimate of Commission's holdings, excluding accrued income. In the case of the A1 notes, it is estimated that they will pay interest at a rate 0.5 per cent less than the bankers' acceptance ("BA") rate and it is estimated that prospective buyers of these notes will require premium yields of 7 per cent over the BA rate. The Commission has applied its best estimate of prospective buyers' required yield and calculated the present value of the new notes using the required yield as the discount factor. Using a range of potential discount factors allows the Commission to estimate a range of recoverable values.

The Class C notes will not pay any current interest and are subordinate to the Class A1, A2, and B notes. In light of this subordination, the Class C notes are viewed as highly speculative with regard to ultimate payment of principal at maturity in 2016. Accordingly, it is expected that Class C notes will initially trade at less than 5 per cent of par value. The Commission also received ineligible tracking notes, backed by a leveraged super senior credit default swap. These notes have an estimate fair value of approximately 15 per cent of par value. The Commission did not receive any notes relating to the Traditional Series.

Restructuring costs are excluded from this valuation as it has been stated that the costs will be deducted from the accrued interest that the Commission will receive shortly after the completion of the restructuring.

Based upon a sensitivity analysis of the assumptions used, the expected yield required by a potential investor remains the most significant assumption included in the fair value estimate. Based on this exercise the Commission estimated that as at December 31, 2008 the range of potential values was between $1,384,000 and $1,767,000. The Commission's estimate of fair value is $1,607,000, including accrued income. There can be no assurance that this estimate will be realized. Subsequent adjustments, which could be material, may be required in future reporting periods.

5. Investments (cont'd)

The Commission has designated the ABCP as available-for-sale financial instruments and considers the difference between par value and the fair value estimate to be other than a temporary impairment. Accordingly, in 2008 the Commission is recognizing an investment loss of $915,000. In 2007 the Commission recorded a permanent impairment of $445,000 in relation to the ABCP.

At December 31, 2008 the fair value of the Commission's derivative portfolio was $532,000 (notional value of $5,666,000). Derivative instruments held at December 31, 2007 had a fair value of $358,000 (notional value of $23,451,000).

Investment income is comprised of the following:

(dollars in thousands)	**2008**	2007
Interest and dividends	**$ 24,010**	$ 19,918
Realized investment (loss) gain	**(1,690)**	64,345
Recognized impairment other than temporary	**(6,777)**	-
Unrealized gain on derivatives	**532**	-
Reversal of recognized unrealized investment gains	-	(1,796)
	16,075	82,467
Less: Portfolio management expenses	**(2,312)**	(2,549)
Total investment income	**$ 13,763**	$ 79,918

The Commission's asset mix policy for 2008 and 2007 is presented below:

	Asset Mix	**Tolerance Range**
Bonds, Canadian	35%	±5%
Equities, Canadian	35%	±5%
Equities, United States	15%	±3%
Equities, Europe, Asia and Far East (EAFE)	15%	±3%

Due to an overweight position in Canadian bonds at December 31, 2008 the Commission rebalanced the injury fund subsequent to year-end.

6. Financial risk management

The Commission manages its investment portfolio in accordance with its Long-Term Investment policy. The investment risk inherent in an investment portfolio is managed through diversification in both asset classes and investments within each asset class. The Commission also engages a number of different fund managers with a broad range of investment philosophies and styles.

The Board of Directors is ultimately responsible for the governance and strategic direction of the Commission's investments through its review and approval of the Long-Term Investment policy and ensuring adherence to the policy. Management is responsible for monitoring performance, regular reporting to the Board, and recommending changes in the investment policy or fund managers. The Board and Management use the services of an external consultant to benchmark the performance of fund managers and to provide advice on investment policies and practices.

The following sections describe the key financial risk exposures and management strategies to mitigate these risks.

(a) Credit risk management

Credit exposure on fixed income securities arises from the possibility that the issuer of an instrument fails to meet its obligation to make interest payments and repay principal. At least 95.4% (2007, 90.6%) of the fixed income assets in the portfolio have at least an 'A' credit rating. The Commission does not anticipate that any issuers will fail to meet their obligations.

The Commission may invest in short-term commercial debt or paper rated R1 or higher. Provincial short-term debt and debt of agencies guaranteed by the provinces may be rated lower than R1. The short-term portfolio investments held with any one corporate issuer is limited to 10%, at any given time, of the Commission's estimated annual cash receipts.

(b) Currency risk

Currency risk is the risk that the value of financial assets and liabilities denominated in foreign currencies will fluctuate due to changes in their respective exchange rates compared to the Canadian dollar. Forward foreign exchange and futures contracts are used to hedge the currency risk of certain foreign denominated fixed term investments. Hedge accounting has not been applied to hedging arrangements. The Commission does not undertake hedging strategies for the currency risk of foreign equity investments. Currency fluctuations are not expected to affect the long term position of the investment portfolio.

6. Financial risk management (cont'd)

As at December 31, 2008, the Commission's holdings in foreign equities and pooled equity funds had a market value of $148.9 million (2007; $213.1 million) representing 24.3% (2007; 28.1%) of the market value of the total investment portfolio.

The table below presents the negative effect of a 10% appreciation in the value of the Canadian/US dollar and the Canadian/Euro dollar on the value of the equity portfolio.

(dollars in thousands)	**2008**		2007	
	CAD/US	**CAD/EURO**	CAD/US	CAD/EURO
10% Appreciation in the Canadian dollar	**$(7,390)**	**$(2,157)**	$(9,551)	$(3,540)

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial security will fluctuate due to changes in market interest rates. The Commission is exposed to interest rate risk through investment in fixed income securities. Interest rate risk is managed through diversification of fixed income securities through sector allocation and security duration.

The table below presents the negative effects of a 50 basis point (bps) and 100 bps adverse changes in interest rates on the fixed income portfolio:

(dollars in thousands)	**2008**		2007	
Change in nominal interest rates	**+50bps**	**+100bps**	+50bps	+100bps
Nominal Bonds	**$(7,677)**	**$(15,156)**	$(8,325)	$(16,448)

The table below represents the remaining term to maturity of the Commission's fixed term investments:

Remaining Term to Maturity

Fair Value (dollars in thousands)	Within 1 year	Within 1 to 5 years	Over 5 years	2008 Total	2007 Total
Fixed Term Investments	$ 66,404	$ 74,545	$ 131,060	$ 272,009	$277,008

6. Financial risk management (cont'd)

(d) Liquidity Risk

Liquidity risk is the risk that the Commission will be unable to meet its contractual obligations and financial liabilities. The Commission manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient cash, and credit facilities available to meet its obligations and liabilities.

(e) Market risk

Market risk is the risk that the fair value of marketable securities or long-term investments will change as a result of changes in the market price. Market prices of securities are subject to change as a result of perceived or real underlying changes in the economic condition of the issuer, the relative price of alternative investments, and general market conditions.

The Commission manages market risk through adherence to an investment policy that prescribes an asset mix that provides for the diversification of risk across a broad group of securities that meet the long term return objectives of the investments portfolio.

The table below presents the effect of a material change[1] in the key risk variable – the sector benchmark - for each of the equity mandates in the Commission's equity portfolio.

(dollars in thousands)	**2008**		2007	
Equities	**1 std dev**	**2 std dev**	1 std dev	2 std dev
% Change in Market Benchmark	**(14.9%)**	**(29.8%)**	(9.8%)	(19.6%)
Canadian Equity	**$ (24,729)**	**$ (43,775)**	$ (23,621)	$ (43,375)
% Change in Market Benchmark	**(10.8%)**	**(21.7%)**	(9.7%)	(19.4%)
US Equity	**$ (7,659)**	**$ (13,955)**	$ (8,722)	$ (16,026)
% Change in Market Benchmark	**(12.7%)**	**(25.4%)**	(10.6%)	(21.2%)
Foreign Equity	**$ (7,959)**	**$ (14,305)**	$ (10,974)	$ (20,029)

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[1] Material risk is measured by analyzing the effect of the change in the benchmark return rate. The change is measured through the use of standard deviation. Standard deviation measures the normal variance in a probability distribution. One standard deviation (std dev) covers 68% of all probable outcomes; two standard deviations cover 95% of all probable outcomes.

7. Capital assets

(dollars in thousands)	2008			2007
	Cost	**Accumulated Amortization**	**Net Book Value**	**Net Book Value**
Land	**$ 11**	**$ -**	**$ 11**	$ 11
Building	**8,102**	**5,317**	**2,785**	2,737
Furniture and equipment	**2,718**	**2,331**	**387**	410
Computer equipment	**7,685**	**6,368**	**1,317**	1,325
Systems development	**23,828**	**12,696**	**11,132**	9,673
Equipment under capital lease	**201**	**201**	**-**	-
	$ 42,545	**$ 26,913**	**$ 15,632**	$ 14,156

Included in systems development costs for 2008 is $3,093,000 (2007; $3,322,000) related to business improvement projects.

8. Bank indebtedness

The Commission has established an operating line of credit with its banker in the amount of $20,000,000. Advances on the line of credit bear interest at the bank's prime interest rate minus 0.6%. The credit facility is unsecured and was utilized during 2008 to the amount of $18,000,000; of which no amount was outstanding at December 31, 2008 (2007; $4,935,000).

9. Payables and accruals

(dollars in thousands)	**2008**	2007
Accounts payable	**$ 10,240**	$ 11,070
Annual leave, post-employment benefits, and other amounts due to employees	**5,581**	4,079
Credit balances due to employers	**3,075**	2,517
	$ 18,896	$ 17,666

In 2008, accounts payable includes a provision of $3,200,000 (2007; $3,800,000) for amounts owing to employers under the Commission's practice incentive and experience refund programs.

10. Benefit liabilities and claims costs

An independent consulting actuary completes a valuation of benefit liabilities of the Commission on an annual basis. Such a valuation was performed as at December 31, 2008.

An analysis of the components of, and changes in, benefit liabilities is as follows:

(dollars in thousands)	2008							2007
	Short-Term Disability	Long-Term Disability	Survivor Benefits	Health Care	Rehabilitation	Future Admin. Cost	**Total**	Total
Balance, Beginning of year	$ 46,501	$ 462,545	$ 54,467	$ 170,425	$ 3,111	$ 51,593	**$ 788,642**	**$ 761,495**
Add:								
Claims costs incurred:								
Current year injuries	26,407	29,548	865	29,785	1,118	-	**87,723**	81,109
Prior years' injuries	3,142	34,702	4,159	13,340	194	3,675	**59,212**	57,195
	29,549	64,250	5,024	43,125	1,312	3,675	**146,935**	138,304
Deduct:								
Claims payments:								
Current year injuries	9,335	325	33	8,566	9	-	**18,268**	15,736
Prior years' injuries	19,798	48,912	6,672	26,455	1,024	-	**102,861**	95,156
	29,133	49,237	6,705	35,021	1,033	-	**121,129**	110,892
Balance before actuarial adjustments	46,917	477,558	52,786	178,529	3,390	55,268	**814,448**	788,907
Actuarial adjustments	(534)	(447)	(1,202)	(1,222)	(637)	(2,408)	**(6,450)**	(265)
Balance, end of year	$ 46,383	$ 477,111	$ 51,584	$177,307	$ 2,753	$ 52,860	**$ 807,998**	$ 788,642

11. Actuarial assumptions

The benefit liabilities are based on projections of future benefit payments which reflect long-term estimates of economic and actuarial assumptions and methods, modified for current trends. As these assumptions may change over time, it is possible that such changes could cause a material change in the actuarial present value of future benefit liabilities.

Notes to FINANCIAL STATEMENTS

11. Actuarial assumptions (cont'd)

The table below lists the principal economic assumptions used.

	2008		2007	
	CPI-Indexed Awards	**Other Payments**	CPI-Indexed Awards	Other Payments
Gross rate of return	7.12%	7.12%	7.12%	7.12%
Inflation Year 1	2.20%	3.50%	1.80%	3.50%
Inflation rate future years	3.50%	3.50%	3.50%	3.50%
Net rate of return Year 1	4.81%	3.50%	5.23%	3.50%
Net rate of return future years	3.50%	3.50%	3.50%	3.50%

12. Reserves

As provided by legislation, the Commission maintains a reserve for funding studies, projects and research relating to the enhancement of occupational health and safety in the workplace. During 2008, $50,000 was charged to the reserve (2007: $24,000).

13. Change in accumulated operating deficit

(dollars in thousands)	**2008**	**2007**
Accumulated operating deficit, beginning of year	$ (84,467)	$ (131,383)
Favourable revenue variance	20,600	17,800
Interest on accumulated operating deficit	(6,000)	(9,400)
Investment income variance	(33,000)	38,200
Liability adjustments for prior years' claims	6,450	265
Other	(85)	51
Accumulated operating deficit, end of year	$ (96,502)	$ (84,467)

14. Administration expenses

(dollars in thousands)	2008	2007
Salaries and employee benefits	**$ 22,064**	$ 19,590
Office and communications	**2,390**	2,372
Building operations	**830**	662
Travel and vehicle operating	**670**	618
Professional fees	**943**	586
	$ 26,897	$ 23,828

15. Legislated obligations

The Commission is required by legislation to fund a portion of the operating costs of the Occupational, Health and Safety Branch of the Department of Government Services in delivering their occupational health and safety mandate and all of the costs of the Workplace Health, Safety and Compensation Review Division and the Statutory Review. The Commission also reimburses the provincial government for a portion of the operating costs of the Department of Human Resources, Labour and Employment and the Labour Relations Agency in respect of administering the *Act*. The Commission is required to fund the operating costs of the employer and worker advisor positions. Total expenses incurred by the Commission for legislated obligations are detailed below:

(dollars in thousands)	2008	2007
Government Departments and Labour Relations Agency	$ 5,047	$ 4,726
Workplace Health, Safety and Compensation Review Division	704	868
Employer and Worker Advisors	673	551
	$ 6,424	$ 6,145

16. Other expenses

(dollars in thousands)	2008	2007
External training initiatives	$ -	$ 83
Business improvement projects	915	603
	$ 915	$ 686

16. Other expenses (cont'd)

External training represents funding provided to the Newfoundland and Labrador Federation of Labour for return-to-work training programs. An agreement with the Newfoundland and Labrador Federation of Labour expired March 31, 2007.

17. Related party transactions

These financial statements include amounts resulting from normal operating transactions with various provincial government departments, agencies, and crown corporations with which the Commission may be considered related. The provincial government is also a self-insured employer, and account balances resulting from these transactions are included in the financial statements and are settled under normal trade terms.

18. Industry levy

The Commission has levied a surcharge of $0.10 per $100 of payroll on employers in the construction sector to fund a portion of the operating costs of safety and health training programs conducted by the Newfoundland and Labrador Construction Safety Association. The amounts collected on behalf of the Association totalled $455,900 in 2008 (2007: $400,800) and are not included in the Statement of Operations.

19. Self-insured employers

These financial statements include the effects of transactions carried out for self-insured employers, principally federal and provincial government bodies, who directly bear the costs of their own incurred claims and a share of administration costs. Aggregate amounts of such assessment revenue and offsetting expenses included in the Statement of Operations are as follows:

(dollars in thousands)	**2008**	**2007**
Assessments revenue	**$ 8,625**	$ 8,171
Claims costs incurred:		
Short-term disability	**664**	632
Long-term disability	**3,484**	3,328
Survivor benefits	**463**	459
Health care	**2,403**	2,209
Administration charges	**1,611**	1,543
	$ 8,625	$ 8,171

20. Pension costs

All permanent employees of the Commission are covered by the Public Service Superannuation Plan administered by the Province of Newfoundland and Labrador. Contributions to the plan are required from both the employees and the Commission. The annual contributions of $1,352,000 (2007: $1,254,000) for pensions are recognized in the accounts on a current basis.

21. Commitments

The Commission has committed to operating lease payments for office premises and equipment for the years 2009 to 2012 in the amount of $230,000 annually.

22. Contingencies

The Commission may be liable for the future costs of claims relating to certain latent occupational diseases which may have occurred in the current year or previously, but which may not be recognized and reported for a number of years due to the extended latency period of such diseases. Because of the absence of reliable evidence and data pertaining to these matters, the liabilities cannot be reasonably estimated and have not been recorded in these financial statements.

23. Statutory Review

The Workplace Health Safety and Compensation Act (the Act) requires that at least every five years the Provincial Government appoint a Statutory Review Committee to review matters respecting the Act and regulations and their administration. The most recent review was completed and presented to Government on May 31, 2006. On April 25, 2008, Government released its action plan in response to the statutory review. The plan contained a number of action items in the areas of accountability and long term sustainability, client service, claims duration and early and safe return to work, and injury prevention and occupational disease. Some of the action items, when implemented, could have an impact on the Commission's benefit liabilities. It is not possible at this time to determine the impact of any changes; as a result these financial statements do not reflect any additional expenses or liabilities as a result of the recommendations from Government's action plan.

24. Subsequent Event

The restructuring of the third-party sponsored Asset Backed Commercial Paper (ABCP) market was completed on January 21, 2009 and the Commission received New Notes as outlined in the Pan Canadian Investor Committee restructuring plan. Additionally, the Commission received a cash distribution of $103,500 in respect of income that had accrued in its ABCP since the market became illiquid in August 2007. The effect of this distribution will be to reduce the fair market value of the Commission's notes by the amount of the distribution.

25. Comparative figures

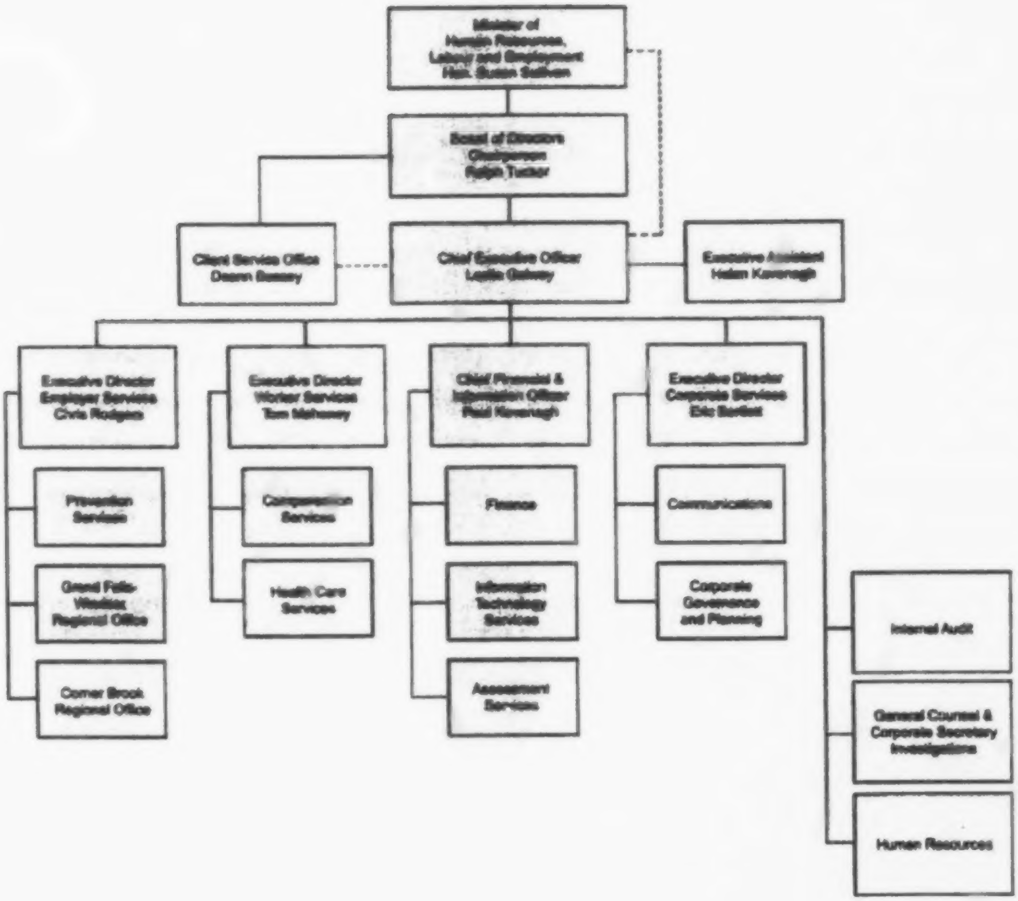
Certain of the comparative information has been reclassified to conform with the presentation adopted in the current year.

Five-Year History
DECEMBER 31, 2008

Statement of Operations and Fund Deficiency

(dollars in thousands)	2008	2007	2006	2005	2004
Revenue					
Assessments	**$ 151,782**	$ 137,713	$ 124,763	$ 158,217	$ 166,965
Investment income	**13,763**	79,918	60,104	37,091	17,733
	165,545	217,631	184,867	195,308	184,698
Expenses					
Claims costs incurred	**146,935**	138,304	137,021	133,003	134,276
Administration	**26,897**	23,828	22,356	21,016	21,383
Legislated obligations	**6,424**	6,145	6,347	6,505	6,177
Amortization	**2,859**	2,017	1,882	2,047	2,577
Other	**915**	686	633	1,225	1,162
	184,030	170,980	168,239	163,796	165,575
Surplus (deficit) from operations before the following	**(18,485)**	46,651	16,628	31,512	19,123
Actuarial adjustments	**6,450**	265	(8,771)	(10,609)	31,848
Surplus (deficit) for the year	**(12,035)**	46,916	7,857	20,903	50,971
Fund deficiency, beginning of year (as previously stated)	**(29,387)**	(8,332)	(53,625)	(56,063)	(170,117)
Change in accounting policies	**-**	-	-	(45,388)	39,104
Fund deficiency, beginning of year (restated)	**(29,387)**	(8,332)	(53,625)	(101,451)	(131,013)
Other comprehensive income (loss)	**(146,445)**	(67,947)	37,436	26,981	23,981
Appropriation to reserve fund	**(50)**	(24)	-	(58)	(2)
Fund deficiency end of year	**$ (187,917)**	$ (29,387)	$ (8,332)	$ (53,625)	$ (56,063)

Organizational Chart


Minister of
Human Resources,
Labour and Employment
Hon. Susan Sullivan
Board of Directors
Chairperson
Ralph Tucker
Client Service Office
Deann Bussey
Chief Executive Officer
Leslie Galway
Executive Assistant
Helen Kavanagh
Executive Director
Employer Services
Chris Rodgers
Executive Director
Worker Services
Tom Mahoney
Chief Financial &
Information Officer
Paul Kavanagh
Executive Director
Corporate Services
Eric Bartlett
Prevention
Services
Grand Falls-
Windsor
Regional Office
Corner Brook
Regional Office
Compensation
Services
Health Care
Services
Finance
Information
Technology
Services
Assessment
Services
Communications
Corporate
Governance
and Planning
Internal Audit
General Counsel &
Corporate Secretary
Investigations
Human Resources

At a Glance - 2008

	2008	2007	2006	2005	2004
Incidence Rate[1]	1.9	2.0	2.1	2.2	2.2
Soft Tissue Incidence Rate	1.2	1.1	1.3	1.4	1.4
Short-Term Disability Claims[2]	4,255	4,353	4,568	4,787	4,794
Health Care Only Claims[2]	3,139	3,601	3,896	3,696	3,572
Accepted Fatality Claims[3]	23	23	18	25	23
Accidents Resulting in Fatality	6	7	8	13	10
Occupational Disease	17	16	10	12	13
Average Composite Claims Duration	121	112	107	103	102
Average Assessment Rate[4]	$ 2.75	$ 2.75	$ 2.75	$ 3.19	$ 3.24
Required Assessment Rate[4]	$ 2.75	$ 2.75	$ 2.75	$ 3.04	$ 3.10
Registered Employer Accounts	16,704	16,477	16,291	16,067	15,697
Employer Assessments ($ million) (including self-insurers)	$ 151.8	$ 137.7	$ 124.8	$ 158.2	$ 167.0
Claims Costs ($ million)[5]	$ 146.9	$ 138.3	$ 137.0	$ 133.0	$ 134.3
Net Fund Deficiency ($ million)	$ (187.9)	$ (29.4)	$ (8.3)	$ (53.6)	$ (101.5)
Funded Ratio (%)	77.3	96.3	98.8	92.6	85.5

1. Number of lost-time claims per 100 workers employed.

2. The number of new claims reported, accepted and paid up to March 31 of the following calendar year. Health care only claims do not involve lost-time from work.

3. Accepted fatality claims are the total number of fatalities that were accepted in 2008 .

4. Average assessment rate is the rate actually charged per $100 of payroll. Required assessment rate is the rate needed to fully cover all costs including amortization for a given year.

5. Claims costs includes current year payments plus expected future payments for all injuries occurring and accepted in the year.

Errata to WHSCC Annual Performance Report 2008

Amendments:

1. Inclusion of more specific or direct references to strategic direction within each introductory paragraph of each relevant strategic issue, as appropriate.
2. Inclusion of additional explanation of how the communication strategy will position the organization to be more responsive.

Amendment 1: References to Strategic Direction

Outcome of Objectives

There is no change to introductory paragraph for this section.

Strategic Issue One: Client Service
The Commission is committed to providing a high level of service to its clients and continues to focus on building a stronger service culture within the organization. The Commission has implemented a number of initiatives in 2008 to strengthen service delivery to employers and injured workers across the province.

Added Text:
The Commission's outcomes against its 2008 client service objectives show progress against its goal and objective of improved client service. This relates directly to government's focus area of client service and contributes to the achievement of government's strategic direction of improved client service.

Strategic Issue Two: Workplace Injury and Illness Prevention
Occupational health and safety and injury prevention are the Commission's main priorities as we continue on the road to safety. A continued focus on prevention is the best strategy to reduce the human suffering and financial costs caused by workplace injuries. The Commission's efforts to educate workers, youth and employers in health and safety awareness are contributing to safer workplaces and reduced injuries. The incidence rate (number of injuries per 100 workers) for lost time claims was 1.9 in 2008 down from 2.0 in 2007 and 2.1 in 2006.

Added Text:
Education and awareness of workplace health and safety is a key focus area of government's strategic direction. To help create a work safety culture in the province in 2008, the Commission has increased marketing efforts towards youth and the public. The Commission believes increased marketing efforts will lead to increased awareness levels which will influence behavioral changes at work. These behaviour changes will result in fewer workplace injuries for the workers and employers of Newfoundland and Labrador as well as a reduction in the costs of the system. The decline in the overall and young worker incidence rates in an environment of increasing employment levels reflects increasing awareness of workplace health and safety as well as changing behaviours. These results contribute to the achievement of government's strategic direction of improved client service within a financially sustainable system.

Strategic Issue Three: Financial Sustainability
The Commission is entrusted with managing funds collected through employer assessments to ensure the system is financially sustained. Sustainability is managed through investment policy, establishing employer assessment rates and providing affordable compensation benefits. The intent is to ensure that future generation of employers will not have to pay for shortfalls in the injury fund from previous years and that the right to fair compensation is assured to injured workers and their families.

In the current economic climate, it is now more important than ever to maintain a sound financial plan. The Commission focuses on adhering to its funding and investment policies and on controlling the growth of health care costs, one of the Commission's fastest growing expenditures. Management of administration costs continue as the Commission strives to deliver the highest level of service in the most cost-effective manner while recognizing its unique requirements relating to geographic and client demands.

Added Text:
The Commission's progress against its 2008 objectives will contribute government's achievement of its strategic direction of improved client service in a financially sustainable system.

Strategic Issue Four: Responsive Organization (preamble only)

To be recognized as a more responsive organization, the Commission is committed to improving communications with stakeholders and implementing key human resource and change management strategies. These strategies will ensure critical positions are recruited and retained and actions are taken to better enable teamwork and collaboration. As we continue on the road to becoming more responsive, the Commission strives to instill trust and confidence in the workers' compensation system. The Commission is initiating new strategies to promote a clear understanding regarding its mandate, responsibilities and limitations. Improving confidence in the system and clarifying perceptions of the Commission's mandate will help us become more responsive to the needs of stakeholders and achieve our mission of improved client service.

Added Text:
As is the case of any statutory agency, the Commission recognizes that client satisfaction may also be impacted by the requirements and limitations of coverage under legislation within which the Commission must operate. To be recognized as a responsive organization there must also be public trust and confidence in the workers' compensation system as well as clear understanding of the Commission's mandate and limitations. The communication strategy outlines initiatives focused on improving understanding of the Commission's roles and responsibilities. Improved communication with stakeholders and the public regarding its mandate will help the Commission create realistic expectations and improve perceptions of the Commission and its services. The Commission believes an increased understanding of its mandate will help the Commission to be recognized as a more responsive organization thereby improving client service.

The Commission's outcomes against its 2008 objectives show progress against its communications objective and will improve service to our clients. This relates directly to government's focus area of client service and contributes to the achievement of government's strategic direction of improved client service.

Amendment 2: Explanation of link between communication strategy and improved responsiveness (consistent with preamble for strategic issue four)

As is the case of any statutory agency, the Commission recognizes that client satisfaction may also be impacted by the requirements and limitations of coverage under legislation within which the Commission must operate. To be recognized as a responsive organization there must also be public trust and confidence in the workers' compensation system as well as clear understanding of the Commission's mandate and limitations. The communication strategy outlines initiatives focused on improving understanding of the Commission's roles and responsibilities. Improved communication with stakeholders and the public regarding its mandate will help the Commission create realistic expectations and improve perceptions of the Commission and its services. The Commission believes an increased understanding of its mandate will help the Commission to be recognized as a more responsive organization thereby improving client service.